

12/13/14

**THE WEATHER — PARIS:** Monday, cloudy, possible showers. Temp. 14-25 (57-77). **LONDON:** Monday, cloudy with showers. Temp. 14-19 (57-66). **CHANNEL:** Slight. **ROME:** Monday, Int. Temp. 15-24 (57-75). **FRANKFURT:** Monday, cloudy. Temp. 16-23 (61-73). **NEW YORK:** Monday, part. cloudy. Temp. 16-24 (61-73).

ADDITIONAL WEATHER DATA — PAGE II

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## Israel Seen Refusing to Halt Raids When Habib Returns

By Norman Kempster  
*Los Angeles Times Service*

JERUSALEM — Israel, which observed a moratorium on bombing and commando raids in southern Lebanon during the earlier shuttle diplomacy of Philip C. Habib, the U.S. envoy, will not impose similar restrictions on itself when Mr. Habib returns to the area, sources said Sunday.

The sources said that Prime Minister Menachem Begin had told U.S. Ambassador Samuel W. Lewis that Israel would continue its normal operations against Palestinian guerrilla targets in Lebanon despite Mr. Habib's presence in the area.

Mr. Habib is expected to return

to his Jerusalem-Damascus-Beruit shuttle this week in an effort to defuse the Israeli-Syrian confrontation over Syrian deployment of SAM-6 anti-aircraft missiles in Lebanon's Bekaa Valley.

Israel said its planes knocked

out four batteries of Libyan-controlled SAM-9 anti-aircraft missiles at Palestinian bases in southern Lebanon last Thursday, as Mr. Habib was on his way back to Washington to confer with President Reagan. It was the first Israeli assault across the border since be-

fore the start of Mr. Habib's mission.

Despite Mr. Begin's repeated threats to take military action against the Syrian missiles, Israel has not attacked Syrian forces or the Soviet-supplied SAM-6 rockets.

However, the Israeli attack on the less potent SAM-9s may have been intended as a warning to Damascus.

Syria, meanwhile, conducted its first full-scale civil-defense exercise since the Arab-Israeli war of 1973.

The test, announced Saturday, was described by Israeli officials as a further indication of an increasing warlike attitude in Damascus.

In another development, on Sunday, Mr. Begin rejected the latest demand by President Anwar Sadat of Egypt that East Jerusalem be returned to Arab control. But the Israeli leader's retort was low-key, apparently to avoid giving undue offense to Mr. Sadat before their scheduled meeting Thursday.

"Jerusalem is the eternal capital of Israel, one city, indivisible," Mr. Begin read from a statement to reporters after the weekly Cabinet meeting. "By law, freedom of access to the holy places is guaranteed members of all religions ever since the liberation and unification of Jerusalem."

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Jerusalem "Tarnished"

Mr. Sadat was more flamboyant in his rhetoric Saturday. In a message to the League of Arab and Islamic Peoples, Mr. Sadat said Palestinians "have an eternal, national and religious right" to Jerusalem. He said the city was "tarnished by the [Israeli] occupation."

Almost all 200,000 residents of the Christian side of the capital have deserted the area in the last two months, and Jounieh and its environs have become the over-crowded center of the Christian heartland.

In keeping with a two-week-old

warning of eye-for-an-eye retaliation.

## 20 Are Killed in Shellings Of Lebanese Beach Areas

By Jonathan C. Randal  
*Washington Post Service*

BEIRUT — In the worst outbreak of violence in two weeks, rival gunners fled artillery at beaches in the Christian and predominantly Moslem areas of Lebanon on Sunday as bathers fled.

At least 20 persons were killed and 150 wounded in the shelling, which was apparently purposely targeted against population centers rather than the largely deserted front lines in the capital.

Judging from the timing of the shelling, the Christian beaches at Kaslik and Jounieh, 11 miles (18 kilometers) north of Beirut, were hit first by shells fired by Syrian troops or their allies among the Lebanese left and the Syrian-controlled elements of the regular Palestine Liberation Army.

In keeping with a two-week-old warning of eye-for-an-eye retaliation,

## U.S. Holds Missile Officer As Soviet Embassy Visitor

By Christopher M. Cooke  
*New York Times Service*

WASHINGTON — The U.S. Air Force has arrested an Air Force missile-launching officer at an air base in Kansas and charged him with making three unauthorized visits to the Soviet Embassy here.

The Strategic Air Command identified the officer as 2d Lt. Christopher M. Cooke, 25, of Richmond, who has been assigned to the Titan missile complex at McConnell Air Force Base near Wichita, Kan., since last June. There are 54 Titan missile sites in the United States.

The arrest was made Friday night, and Maj. Lew Lambert, public affairs officer at McConnell, said then that Lt. Cooke had access to classified documents as part of his job.

Another spokesman at the base said the lieutenant was a member of one of the two-person crews whose simultaneous actions in turning keys are necessary for the launching of Titans — intercontinental missiles with nuclear warheads that are targeted to predetermined sites in the Soviet Union.

Maj. Lambert said that Lt. Cooke was accused of having made three visits to the Soviet Embassy from last December to some time in May. He declined to give the exact dates. He said the officer was being held in pretrial confinement at the McConnell base.

No Soviet Comment

An official at the Soviet Embassy said Friday night, when asked about the arrest, "I'm afraid there's no one who could comment on it." He added, "There are a lot of visitors every day. We do not keep records of visitors."

Lt. Cooke's lawyer, Capt. Francis W. Pedrotty, asserted Saturday that his client had been cooperating fully with an Air Force investigation "under promise of complete immunity." An Air Force spokesman declined to comment on the question of immunity.



Christopher M. Cooke

## Arafat Sees War Coming

PARIS (Reuters) — Yasser Arafat, leader of the Palestine Liberation Organization, said Sunday that he believed Israel was preparing for a war against the PLO and the opposition Labor Party, denounced the timing of the meeting as political and announced that he would travel to Cairo to meet Mr. Sadat a few days after the Egyptian president's conference with Mr. Begin.

In the spring of 1979, as he was finishing his studies, he applied for employment at the CIA, according to his father. He entered the Air Force in December, the records show.

Dale L. Peterson, a spokesman for the CIA, said the young man had applied twice at the agency, unsuccessfully. The first time was in 1978 when as a student he applied for a summer intern job. Mr. Peterson said. The second time, the following year, his application for a staff job was returned with a notation that there were no openings then for a person with his educational background.

Air Force officials said that Lt. Cooke, after completing officer-training school, was sent to Vandenberg Air Force Base in California for missile training. In June, 1980, he was assigned to McConnell Air Force Base and given further training on the Titan ICBMs.

That summer he was designated deputy missile combat commander of a four-man crew in a Titan silo. As such, he had access to information on the alert status of the missile, its state of maintenance, and the communication and code systems to be used if it was to be fired.

An Air Force official said all codes and other systems that could be changed had been changed after Lt. Cooke came under investigation.

According to the Air Force, Lt. Cooke first went to the Soviet Embassy in December, 1980, and twice more, on undisclosed dates, between then and early May. Officials said that why he went, whom he saw, how long he stayed, and what happened are under investigation.

The officials said Lt. Cooke was picked out by routine surveillance.

Most military specialists would agree with that assessment. A recent U.S. Navy intelligence estimate concluded that the Soviet Navy had expanded "to challenge the United States in all aspects of maritime power, qualitatively and quantitatively."

In less than two decades, the Soviet Navy has been transformed from a force capable of little more than coastal defense into an armada that has already forced the United States to share control of some oceans.

The latest count shows the Soviet fleet with 372



FUNERAL PROCESSION — The Vatican secretary of state, Cardinal Agostino Casaroli, at left with bishop's staff, led the procession taking the casket of Cardinal Stefan Wyszyński to Victory Square in Warsaw, where funeral services were held on Sunday. Story, Page 2.

## 'Finlandization': To Some Poles, It Represents Room to Breathe

By John Dartton  
*New York Times Service*

WARSAW — To many politicians in the West, "Finlandization" is a nightmare; it means the threat of encroachment by the Soviet Union upon the nations of Western Europe.

In Poland, too, there is beginning to be talk of Finlandization, but here the concept has the shimmering allure of an impossible dream. It applies to Eastern rather than Western Europe, and it means moving away from the Soviet Union, not toward it.

The Eastern and Western concepts have a point in common: Finlandization, a term rejected by Finns as an inaccurate and unfair description of their geopolitical status, suggests a country moving in a kind of outer orbit from Moscow, bartering certain latitude in foreign affairs in exchange for internal freedoms and domestic sovereignty.

The debate in Poland is mainly at the level of cocktail parties and coffeehouses. Bits and pieces have surfaced, cautiously, in the press. No responsible person has proposed, or would think of proposing,

that Poland sever its military ties to the Soviet Union. But there seems to be a growing recognition that the liberalization movement must inevitably lead to a redefinition of the "special relationship" that has existed between them for 36 years.

This is particularly true because the movement unleashed by the Solidarity trade-union federation

## NEWS ANALYSIS

is assuming more overtones of Polish nationalism. It is a deep, powerful force, and political dissidents and government officials alike worry that it could get out of hand and disturb the delicate balance of forces that has allowed the Polish experiment to proceed in an evolutionary way. A critical intermediary in this process has been the Roman Catholic Church and especially its primate of 52 years, Cardinal Stefan Wyszyński. At his death last week, even the government praised his patriotism.

Things are being said publicly and written in the press that would have been unthinkable even six months ago. Recently, a columnist

wrote that the time had come to admit that Communism had been imposed upon Poland, although he hastened to add that this did not mean that most people today opposed it. A well-known leader of the 1970 strikes on the Baltic coast slipped back into the country, illegally, after an eight-year absence and gave an interview in which he attacked the Yalta conference of 1945, which enabled the Soviet Union to dominate Eastern Europe.

The union movement always had strains of nationalism to it, but they were suppressed by a kind of common consent, a key adviser to Solidarity observed. "I remember one of the first strike meetings," he said. "One of the strike leaders looked over the hall and said, 'It's amazing. There are 500 people in this hall. None of them likes the Soviet Union, everyone is thinking about the Soviet Union, but no one speaks about it.' If any one began to speak about Katyn — the 1940 massacre of more than 10,000 Polish prisoners of war, for which most Poles hold the Soviet Union responsible — 'he was

(Continued on Page 2, Col. 7)

## Rebels Kill Zia, Claim Port City In Bangladesh

By Carol Honra  
*Washington Post Service*

NEW DELHI — Army rebels in Bangladesh assassinated President Ziaur Rahman in an attempted coup Saturday and apparently held control Sunday of the port city of Chittagong as the interim central government set — and twice extended — a deadline for their surrender.

Broadcasting from the capital city, Dacca, acting President Abdus Sattar ordered rebel troops to surrender by 6 a.m. Monday or face "stern action" by loyal forces. He also proclaimed a state of emergency and suspended most civil rights, citing a threat to the country's security from "internal disturbances."

There was no indication why the government, which asserted the loyalty of the rest of Bangladesh's armed forces, had not yet moved in force against Chittagong, the country's second largest city. Dacca has been ordering loyal troops in Chittagong to report to nearby camps; there are no reliable estimates of rebel strength in the city.

The second extension of the surrender deadline, to Monday morning, raised the possibility that the government was encountering difficulty in mobilizing a strike against what it called the "mis-

The rebels threatened to kill an unspecified number of captured army loyalists "unless the anti-Revolutionary Council campaign is stopped forthwith by Dacca radio," United Press International reported. They also said they had the support of Bangladesh's 4,000-man navy, stationed in the southeastern port.

A few hours after the assassination, the dissident troops fanned out in the jungles surrounding Chittagong and killed 50 policemen in scattered fighting, according to Indian press reports quoted by UPI.

In a radio broadcast from Chittagong early Sunday, the rebels said that their Revolutionary Council would provide "a clean and incorruptible administration." Although Gen. Zia was widely believed to be personally honest, there were frequent charges of pervasive corruption of the officials around him. (Like many people in Bangladesh, Gen. Zia used his first name as the surname and dropped the last two letters, which are used only as an article in conjunction with the second name.)

Government-controlled Radio Bangladesh claimed that at least one battalion of the East Bengal regiment, headed by a major, had surrendered in response to orders from the army chief of staff, Gen. M. Arshad.

Gen. Zia's body remained in the rebels' hands, despite appeals for its return by the Bangladesh Red Cross. Gen. Zia and as many as eight aides and bodyguards were killed by gunfire in a predawn attack Saturday at a Chittagong govern-

(Continued on Page 2, Col. 7)

Ziaur Rahman

(Continued on Page 2, Col. 7)

## King Cabinet Turn Out in Barcelona for Armed Forces Day Observances

By James M. Markham  
*New York Times Service*

BARCELONA — King Juan Carlos I presided Sunday over a mammoth armed-forces parade that underscored the important and highly sensitive role that the resolute military establishment has lately assumed in Spain's political life.

The culmination of a week of festivities in Barcelona, the two-hour parade down the city's central avenue — 13,163 men and women, 1,138 vehicles and 524 animals — was given lavish and at times almost reverential radio and television coverage.

Despite fears that terrorists might attempt to disrupt the event, big crowds lined the Avenida Diagonal to watch troops, tanks, armored personnel carriers and a flyby of jets and helicopters. Practices for the flyby had disrupted commercial air traffic into Barcelona for several weeks, and Sunday the airport was closed until the afternoon.

Premier Leopoldo Calvo Sotelo and virtually his entire Cabinet, eager to display their solidarity with the military, moved for the weekend to Barcelona and dutifully attended various martial demonstrations, mock landings and pledges of allegiance to the Spanish flag. The red-and-gold banner was repeatedly cheered as it was borne down the avenue.

Since the unsuccessful military coup of Feb. 23, Spain's politicians have been bending over backward to demonstrate comprehension of senior generals' complaints about the course of the country's democracy, which has been buffeted by terrorism and regional tensions. In an interview held Sunday, Defense Minister Alberto Olazá, a civilian, asserted that democracy was taking root in Spain "thanks in great measure to the armed forces."

Under the Franco regime, the military annually

commemorated its 1939 victory over the Republicans in the Spanish Civil War with a parade in Madrid. Since this official celebration wounded the sensibilities of many Spaniards who fought on the losing side, King Juan Carlos altered "Victory Day" to "Armed Forces Day" and decreed that it should rotate among the cities that serve as regional command headquarters.

Before the coup, politicians and the media gave scant attention to the Armed Forces Day parades. But in the jumpy atmosphere that has spread since February, this year the day became a major political event. The parade appeared to be among the largest of its kind in the non-Communist world.

As host to the festivities, Barcelona politicians — and in particular, Jordi Pujol, president of the Catalan home-rule body, the Generalitat — were worried that some fringe regional grouping would attempt to mar the occasion. Pacifists put up some anti-military posters, and anarchists spread leaflets urging the people of Barcelona to "go to the countryside and make love, not war." But no serious incidents occurred.

**Anti-Military Streak**  
Catalans dancing their regional dance, the sardana, were generously included in a patriotic pageant Saturday, and a military band even struck up the Catalans' hymn, "Els Segadors," banned under Franco. In 1960, Mr. Pujol, then a young banker and budding politician, was sentenced to six years in prison for organizing a mass singing of another prohibited song, "Cant de la Senyera," in front of Franco in a Barcelona theater.

In his discourses in the past few days, Mr. Pujol has managed to sound fairly like a fervent Spaniard.

(Continued on Page 2, Col. 8)



King Juan Carlos of Spain reviewing the honor guard upon his arrival in Barcelona for festivities on Armed Forces Day.

## Officials Say U.S. Has Lost Naval Superiority Over Soviet Union

By Robert C. Toth  
*Los Angeles Times Service*

WASHINGTON — "Sooner or later," Adm. Sergei Gorshkov predicted in 1976 as he directed an unprecedented buildup in the Soviet Navy, "the United States will have to understand that it no longer has mastery of the sea."

The moment he anticipated has arrived. "We have lost our maritime superiority," U.S. Navy Secretary John F. Lehman Jr. said last week as he discussed the emergence of the Soviet Navy as a force capable of operating throughout the world, far from its home bases.

## Internal Party Disputes Appear to Weaken Coalition in Bonn

By John Vinocur  
New York Times Service

BONN — May was the month of resignations, both threatened and real, in West German politics, reflecting one of the most troubled and unstable periods for the government coalition of Social Democrats and Free Democrats since it began running things here in 1969.

Chancellor Helmut Schmidt threatened two weeks ago to quit if his Social Democratic Party did not back him on NATO's nuclear modernization program, and on



### NEWS ANALYSIS

Friday night, Foreign Minister Hans-Dietrich Genscher, the vice chancellor and head of the Free Democrats, told his party the same thing.

Earlier last week, Hans-Ulrich Klose, the Social Democratic mayor of Hamburg, a post with national political importance, resigned after an intraparty battle. A few days later, another Social Democratic leader, Holger Boerner, the president of the state of Hesse, said he would stake his political career on a vote of confidence at a regional party convention in June.

#### Genscher's Problems

The impression was unavoidable: a general loss of control within the coalition parties, signs of a weariness with the exercise of power that cannot be talked away, and the possibility, acknowledged by Mr. Schmidt, that the government might not hold together until the next scheduled national election in 1984.

Mr. Schmidt's threat to quit, made just

opposed to presidential — system, but the threat created a mood of nervousness and drastic solutions for problems that had been dealt with in a less panicky manner.

Mr. Schmidt's problems in getting his party to hold fast to the North Atlantic Treaty Organization's 1979 decision on deploying Cruise and Pershing missiles in Western Europe had been well known, but Mr. Genscher's warning about stepping down exposed the differences inside the Free Democratic organization on the same issue. Although the differences of opinion within the coalition's junior party had been clear for some time, Mr. Genscher was generally assumed to be in full control of the party, judging it, steering it, controlling it with political virtuosity.

But the debate on the NATO missiles went badly on the floor of the Free Democratic convention in Cologne. In any case, its situation was considered critical enough for the foreign minister to threaten to quit if a vote on the issue did not go his way. He won by a 271-103 count, but he lost much of the impression of strength and confidence gained with the Free Democrats' good performance in the national election last October.

Mr. Genscher also appeared to have a less than firm grip on his party on another score. Despite his urging, the local party organization in West Berlin has voted against any cooperation with the Christian Democrats, who pushed the Social Democratic-led government out of office in city elections May 10.

Although the foreign minister has talked about the necessity for parliamentary responsibility and West Berlin's special need for calm, the Free Democrats in West Berlin have appeared more interested in projecting political modishness — as

notably on issues involving the hundreds of occupied houses in the city — than in working on compromise.

The resignation of Mr. Klose and the threat to quit by Mr. Boerner have similar causes that increasingly divide the Social Democrats into leftist and more moderate wings.

Mr. Klose, who seems to be moving leftward, quib on the issue of nuclear energy in the Hamburg city-state, and Mr. Boerner, a more moderate type, has troubles within his state branch of the Social Democrats into leftist and more moderate wings.

#### Wider Issue

But the issues go beyond the local pros and cons and into the nature of how the party has run over the last years. During the period in which Mr. Schmidt's international respect and influence grew, the chancellor did little to guide the party on the nuclear-power question or to make clear the line where environmentalism structures or conflicts with economic necessity.

Now that the Social Democratic Party is in a phase of disillusionment about the increasingly apparent loss of detente, issues with seemingly idealistic overtones take on a greater meaning for its ranks and file. Thus a man like Mr. Boerner is faced with increasingly passionate resistance to the building of a nuclear-waste processing facility or a runway that he says will secure jobs in his state.

The issues are different manifestations of the same phenomenon, that of disillusionment and irritation with change that has helped to make the issue about the deployment of nuclear weapons such a heated one.

If Mr. Schmidt still has most of the party leadership and the parliamentary delegation on his side, the problems on the regional level illustrate the extent of his growing troubles with the rank and file. Taken in context, the situation has faint similarities to the one in Poland, where the Communist Party maintains vertical control of the organization but is losing, or has lost, control on a horizontal basis.

With two major political figures like

Mr. Schmidt and Mr. Genscher having

considerably less control over their politi-

cal forces than a year ago, a potential for

instability has been created, with possible

repercussions on domestic politics and on

West Germany's foreign relations.

Mr. Genscher indeed promises loyalty

to the coalition but now adds that if it

breaks up, it will not be the doing of the

Free Democrats. But he himself pro-

grammed a possible clash with Mr.

Schmidt's party for the fall by saying on

Friday that cuts in social welfare — the

bones and sinew of Social Democratic poli-

tics in Western Europe — are unavoidable

in next year's budget.

All this has been fine for the Christian Democratic opposition, which, by camouflaging its own divisions and by projecting itself as a responsible and reasonable alternative, is now in a stronger position than it has been since the 1976 elections.

A poll published on Friday provided some clear evidence: if elections had been held last week the Christian Democratic alliance would have had 49.3 percent of the vote, a gain of almost 5 percentage points over its score last October. The coalition parties, which polled 53.6 percent in October, would have lost their majority and their grip on power.

## Wyszynski's Funeral Attended by 250,000

By Brian Mooney  
Reuters

WARSAW — More than a quarter of a million Poles crammed into Warsaw's Victory Square on Sunday for the funeral of Cardinal Stefan Wyszynski, the spiritual leader of this predominantly Roman Catholic nation for almost 33 years under Communist rule.

Among the foreign and Polish dignitaries assembled to pay their last respects to the Polish primate, who died Thursday at 79, were the Polish head of state, Henryk Jablonski; the Solidarity union leader, Lech Wałęsa; the Vatican secretary of state, Cardinal Agostino Casaroli; and 15 other cardinals.

They gathered for the funeral Mass before an altar dominated by a 43-foot (13-meter) wooden cross. It was only the second time such a symbol of Christianity had towered over the square since Communists took power in Poland since World War II.

The last time was on June 2, 1979, the first day of Pope John Paul II's triumphant homecoming, which marked the beginning of a Catholic resurgence in Poland and set the stage for last summer's socialist revolution.

The pope, recovering from an assassination attempt, had Cardinal Franciszek Macharski of Poland read a special message during the funeral of his former teacher.

The pope said in his message that he wished he could be with his countrymen for the occasion, "but God has decided otherwise."

He described the late cardinal as the keystone of the Polish church and asked Polish Catholics to observe 30 days of mourning for him.

The pope once said that he owed his election to the papacy to Cardinal Wyszynski's courage in braving harassment and captivity during the Stalinist years.

The homily, written by the pope in his hospital bed on the day Cardinal Wyszynski died, contained no reference to a successor. Cardinal Macharski had told a crowd gathered outside the late primate's residence in Warsaw on Saturday night that a successor must be appointed without delay.

Stanisław Kania, the Polish party leader, met Cardinal Casaroli on Saturday and pledged to continue cooperation with the church. But Mr. Kania did not attend Sunday's funeral.

The funeral was televised live nationwide. The news agency PAP reported.

estimated the crowds at between 250,000 and 300,000.

The funeral ceremonies began in the Church of St. Joseph on the fringe of Warsaw's old city, where Cardinal Wyszynski had lain in state in an enclosed coffin since his death from cancer.

Visiting cardinals, including the primates of Hungary and Czechoslovakia and representatives from France, Ireland, the United States, West Germany, the Netherlands and Austria, joined Polish prelates and politicians in laying wreaths before the coffin.

Three Polish deputy premiers accompanied Mr. Jablonski.

The procession route from St. Joseph's to Victory Square was strewed with flowers. Church bells tolled throughout the country.

Cardinal Casaroli, presiding over the service, gave a brief homily in Polish. Traces of his native Italian came through as the Vatican official said the late Polish primate was a hero of his church and homeland.

After the Mass, the cardinal's body was carried for burial at the crypt of St. John's Cathedral, about a mile (1.6 kilometers) from Victory Square.

A Solidarity guard of honor was appointed to lower the coffin into the cathedral crypt, state radio said.

As Poles marked an official four-day period of mourning, they received what appeared to be a pointed reminder that their crisis was not over.

The Soviet commander of the Warsaw Pact armies, Marshal Viktor G. Kulikov, paid a surprise visit to Poland to confer on Saturday with Polish leaders against the background of a reported rise in anti-Soviet sentiment.

#### Funeral Eulogy

VATICAN CITY (AP) — Pope John Paul II, his voice sounding fatigued, lauded Cardinal Wyszynski in a taped message Sunday as "the protagonist of so many pages of the history of his and my country."

The pope's eulogy came in a 10-minute recording made in the Gemelli hospital, where he is continuing to recover from the May 13 assassination attempt. The message was played at noon to 10,000 pilgrims and tourists in St. Peter's Square and broadcast over Vatican radio.

The funeral was televised live nationwide. The news agency PAP reported.



British bomb-disposal personnel inspecting the wreckage after a car bomb killed one of their comrades on Sunday in Ulster.

## British Serviceman Killed By a Car Bomb in Ulster

United Press International

BELFAST — A bomb planted in an abandoned car exploded Sunday, killing a member of a bomb-disposal team who was trying to defuse it. Warrant Officer Michael O'Neill, 34, was the eighth British soldier killed in Northern Ireland this year.

The explosion occurred on a South Armagh road near the border with the Irish Republic and near where the Irish Republican Army detonated a land mine two weeks ago that killed five British soldiers.

Security forces sealed off the area and brought in dogs to try to detect any other hidden bombs. Police and troops of the Irish Republican Army closed off the area on that side of the border.

#### Dublin March

On Saturday, the British secretary for Northern Ireland, Humphrey Atkins, banned demonstrations in advance of the annual July 12 commemoration of the 1969 defeat of King James II of Britain, a Catholic, by William of Orange.

In Dublin, police sealed off the British and U.S. embassies Saturday as thousands of IRA supporters chanted and carrying anti-American banners.

#### Tanzania High Court Voids Election Result

The Associated Press

DAR ES SALAAM, Tanzania — The Tanzanian High Court for the first time has accepted a petition by a defeated parliamentary candidate and overturned an election result.

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## Reagan Sets Talks With Democrats

### President Will Push For Tax-Cut Accord

By Howell Raines  
*New York Times Service*

**WASHINGTON** — President Reagan has invited Democratic congressional leaders to the White House for a "last chance" meeting on a tax compromise and will decide early this week whether to launch a national publicity campaign to force them to accept his plan to cut income taxes, according to White House officials.

In what his advisers described Friday as a final effort to work out a compromise on the tax plan, Mr. Reagan scheduled a meeting on Monday with Rep. Thomas P. O'Neill Jr. of Massachusetts, the House speaker; Rep. James C. Wright Jr. of Texas, the House majority leader; Rep. Dan Rostenkowski of Illinois, the chairman of the House Ways and Means Committee; Sen. Robert C. Byrd of West Virginia, the Senate minority leader; and Sen. Russell B. Long of Louisiana, the senior Democrat on the Senate Finance Committee.

A White House aide said the Democrats would be told, "Fellows, we want you, but if you won't come, we're going another way."

#### Biggest Effort

The White House invitation on Friday, combined with the threat of a personal lobbying effort by Mr. Reagan, added up to the administration's boldest effort yet to pressure Democrats into proposing a compromise tax plan based on the president's plan for a 10-percent annual reduction for three successive years.

If Monday's meeting shows no basis for compromise with the Democratic leaders, several White House sources said, Mr. Reagan is prepared to move in two directions.

He will seek a legislative alliance with the conservative Southern Democrats who helped him pass his spending reductions, the sources said. Secondly, they said, he will launch a "public outreach effort" to create voter demand for passage of his tax reductions.

"It worked last time," Michael K. Deaver, Mr. Reagan's deputy chief of staff, said Friday, referring to the personal lobbying campaign the president used to pass the first phase of his economic recovery program. Mr. Deaver said a decision on whether President Reagan would go over the heads of Congress and appeal directly to the people again would probably be made by the "first of the week."

#### Key Democrats

Key Democrats such as Rep. Rostenkowski regard the president's three-year tax plan as too large and too heavily weighted in favor of the affluent.

The White House attitude toward Rep. Rostenkowski hardened noticeably as Friday progressed. The attitude began with White House spokesman trying to placate the Illinois Democrat and entice him into a compromise and ended with the show of political muscle-flexing.

The combined use of threats and enticements illustrated the time and political pressures bearing down on Mr. Reagan as he attempts to win passage of a tax program, without a protracted legislative battle, before the Aug. 1 congressional recess.

The White House move Friday was to intensify the pressure on Democrats after Rep. Rostenkowski and other Democrats on his committee rejected a White House compromise offer. The Democrats balked at the multilateral feature of the Reagan plan and insisted that benefits from any tax cut be "targeted" to favor taxpayers in the \$20,000-to-\$50,000 income range.

The White House insists that any tax cut must be across the board — so as to benefit wealthy taxpayers by the same percentage as those with low or moderate incomes — and of at least two years' duration. Mr. Reagan insists that such cuts are necessary to stimulate the economy through individuals' reinvestment of the money released on tax cuts.

Meanwhile, Mr. Reagan acted to delay fulfillment of his pledge last week in a speech at the U.S. Military Academy to seek higher pay for military personnel. The president has agreed with his budget director, David A. Stockman, to go along with a House Armed Services Committee recommendation to put off for three months a 5.3-percent pay increase scheduled for July.

Mr. Reagan has agreed to add the 5.3-percent increase on to a 9.1-percent rise scheduled for Oct. 1, according to Larry Speakes, the deputy White House press secretary.

## U.S. Reverses Policy, to Admit 5,000 Asian Refugees

By Charles R. Babcock  
*New York Times Service*

**WASHINGTON** — Attorney General William French Smith has yielded to State Department complaints and halted a rejection of Indochinese immigrants that was helping a politically sensitive backlog of refugees to build up in Thailand.

The Immigration and Naturalization Service had stalled the processing of about 5,000 Indochinese because its officers in Thailand



**BACK TO WORK** — The Nimitz, the U.S. nuclear-powered carrier, leaving Norfolk, Va., over the weekend to resume a training cruise interrupted when a jet crash caused 14 deaths.

## U.S. Bank Aide Involved in Shah's Entry Reportedly to Be Named Envoy to Rabat

By John M. Goshko  
*Washington Post Service*

**WASHINGTON** — Administration sources say that President Reagan tentatively plans to nominate as ambassador to Morocco a Chase Manhattan Bank official who was involved in a 1979 controversy about whether David A. Rockefeller and Henry A. Kissinger had pressured the Carter administration to admit the late Shah of Iran to the United States.

The sources said on Friday that the embassy post in Rabat was expected to go to Joseph Reed, a Rockefeller aide and Chase Manhattan board member who has handled many of the bank's dealings with foreign governments and clients.

In that capacity, Mr. Reed is known to have been in charge of efforts by Mr. Rockefeller, Chase Manhattan's former chairman, to assist the Shah, Mohammed Reza Pahlavi, after he was forced into exile in 1978. The Shah had been an important client of the bank for years.

#### Places of Refuge

The efforts included helping the deposed Shah find places of refuge and, according to former Secretary of State Kissinger, pressing the campaign to go the Shah admitted for medical treatment in the United States in October, 1979 — a move that helped provoke the seizure by Iranian militants of the U.S. Embassy in Teheran and the resulting 44-month hostage crisis.

Mr. Reed could not be reached for comment Friday. However, Charles Francis, a Chase Manhattan spokesman, said that Mr. Reed

"understands he is being considered for an ambassadorial post." Although Mr. Francis said it would be "inappropriate" to discuss specifics, he added, "If he is asked, Mr. Reed certainly would be honored to serve."

Shortly after the hostage crisis began on Nov. 4, 1979, allegations were made that President Jimmy Carter had been pressured by Mr. Kissinger and Mr. Rockefeller to provide medical sanctuary for the Shah.

In a column in *The Washington Post* on Nov. 29, 1979, Mr. Kissinger contended that he had become involved in assisting the Shah

at the request of the Carter administration and that he, in turn, had appealed to Mr. Rockefeller for help. He said Mr. Rockefeller initially had been reluctant to do anything that might jeopardize Chase Manhattan's relations with revolutionary authorities in Iran.

#### Relocating the Shah

Mr. Kissinger added that both he and Mr. Rockefeller had helped the Shah in relocating his residence from Morocco to the Bahamas and subsequently to Mexico, and with such matters as arranging schooling in the United States for the Shah's children.

Mr. Kissinger said contacts with the U.S. government on these matters had been handled by Mr. Reed.

Later, Mr. Kissinger said, after it became known the Shah was suffering from cancer, Mr. Reed presented medical evidence of the Shah's condition to David Newsom, who was the undersecretary of state for political affairs.

Mr. Kissinger wrote: "My understanding is that Joseph Reed presented the medical records to Undersecretary Newsom, and on the basis of those records the administration admitted the Shah for treatment."

Morocco is a pro-Western monarch whose ruler, King Hassan II, has been engaged in overcoming domestic unrest. Despite the concern of many observers about the stability of King Hassan's rule, the United States has been moving to give him increased arms support for a campaign against Algerian-supported guerrillas in a disputed region of the Western Sahara.

Mr. Reed could not be reached for comment Friday. However, Charles Francis, a Chase Manhattan spokesman, said that Mr. Reed

was told of Mr. Nixon's participation.

"I accepted as a favor to the Republican National Committee, but I think Mr. Nixon's role is inappropriate. I'm not sure I'll go."

Sen. Rudman got out the letter of invitation from Mr. Clark and confirmed that it made no mention of Mr. Nixon. "Just say it leaves a bad taste in my mouth," he said.

Mr. Clark said he had decided to invite the former president as one of the luminaries and celebrities living in New York," adding, "I didn't discuss it with anybody in Washington." He said former Secretary of State Henry A. Kissinger had also been invited and had accepted.

Neither President Reagan nor Vice President Bush had been invited, he said. Mr. Reagan because "we hope to do a special fund-raising thing with him later" and Mr. Bush because "he's been in New York so often already this year."

Several of the senators and administration officials Mr. Clark had said were coming asserted he was mistaken, in each instance saying that Mr. Nixon's role was not the reason.

Mr. Clark said Friday that the news of Mr. Nixon's participation had been received with delight by county chairmen who are helping to sell tickets to the expected 2,000 guests. It came as a surprise to many of the invited Washington notables.

"I was certainly not aware of that," said Sen. Warren B. Rudman of New Hampshire, when he

arrived at the dinner.

## Nixon Accepts New York GOP Invitation

By David S. Broder  
*Washington Post Service*

**WASHINGTON** — It is billed as a "Salute to the Reagan-Bush Administration" and Republicans in Congress. But the guest who will probably attract the greatest attention at the New York State Republican Committee's fund-raising event at Lincoln Center on June 13 may be Richard M. Nixon.

Mr. Nixon, who has stayed on the fringe of party affairs since his resignation as president almost seven years ago, has accepted the invitation from the state party chairman George L. Clark Jr. to be one of "the luminaries" at the \$200-a-person reception.

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## Hope Glimmers in Lebanon

There is a glimmer of hope out of the gloom of Lebanon. It is not simply that U.S. shuttle diplomacy, conducted by Philip C. Habib, has helped Syria and Israel avoid war so far. It is that some of the parties, Lebanese and foreign, give signs of using the time thus bought to work on the underlying problem of the fractures within Lebanon. Since the terrible civil war of 1975-76, the situation in that poor country has been frozen at the good moments and otherwise deteriorating. The possibility emerges, however, that the context was one in which things had to get even worse before they could get better. They got worse in April. In May?

Let's evade that question for a moment, and go back to Mr. Habib. His purpose has been to deal only with the "immediate" Israeli-Syrian issue. The first requirement is to find a face-saving way for Syria to take out the missiles it moved into the Bekaa Valley. The solution being talked of, in public anyway, entails introducing Lebanese troops into positions occupied in their shoving match last month by Christian Phalangists and Syrians. Lebanese troops would presumably not need a missile defense, so the missiles could be withdrawn. That would let Israel stand down.

Syria has drawn fair value — restoration of good Arab standing, renewal of a U.S. dialogue, a boost for President Hafez Assad — from the crisis already. The Israeli government, under attack at home for bringing on and then misplacing the crisis, has been unable to draw the nation together and needs an escape hatch. Can Mr. Habib, with the Saudis helping in Syria, open one?

The Syrians, meanwhile, have joined tentative talks aimed at eventual Lebanese "national reconciliation" — getting warring Christians and Moslems to restore civil ties. In particular, Syria is talking with Christian Phalangists, whom Israel has sought to enlist as security partners. This is critical. National reconciliation is a long shot. To have the faintest chance, Syria must encourage the Christians to try it, and the Israeli-Christian connection must be loosened. It isn't clear to us whether Mr. Habib is poised to move into the Lebanese realm, or whether he should. Perhaps it is enough for the moment that the idea of reconciliation is stirring again in Arab minds.

Any reconciliation effort leads to the Palestinians, unwilling and unwanted residents of Lebanon who tear the country up. No reconciliation is possible without taking them into account. At the same time, Israel cannot and should not countenance any Lebanese scheme that lets Moslems and Christians coexist but leaves Palestinians free to continue attacking Israel.

The evident answer is to divert Palestinian passions into political channels. Just as the Israeli-Syrian crisis fades into the Lebanese issue, the Lebanese issue fades into the Arab-Israeli conflict. It's a diplomatic double play. Crisis diplomacy and the Arab talks on Lebanon are incomplete without further contributions from the Israelis, after their elections this month, and from the United States as well. The Middle East, always a nervous place, is getting interesting again.

THE WASHINGTON POST.

## Wobbly Spain

Whenever political violence occurs in Spain, there is heard a familiar, complacent theory: The Spanish are by nature moderate, too deeply divided by doctrinal and regional passions to sustain a democracy. As evidence this year, pessimists point to the brief seizure of parliament by rightist Civil Guards, the bloody renewal of Basque terrorism, the recent seizure of a Barcelona bank, presumably by rightists, and now an apparent plot to kill the king.

Spain's democracy is undeniably fragile; ancient divisions persist. A gloomy proverb holds that one-half of Spain will never be content until the other half is dead. But what is surely more remarkable is the determination of most Spaniards to contain the assault on a promising political maturity.

That determination is borne out by a poll taken after the abortive coup in February. Only 4 percent of the Spanish people said they wanted the coup to succeed; 76 percent were opposed. It is borne out as well by solid support for the right-center regime of Premier Leopoldo Calvo Sotelo. Leftist parties have rallied to help him rescue democracy, to the extent of alienating some of their own followers.

The fate of Spain's democracy is not only an "internal matter," as Secretary of State Alexander M. Haig Jr. too airily remarked

after the coup. If it fails, so do Spain's hopes for joining the European Economic Community and NATO. And a coup would send a disturbing tremor through the region, weakening democracies in Portugal, Greece and Italy.

None of this need happen if the Spanish government prevails against the minuscule corps of Basque terrorists and the restless armed forces. Madrid has granted substantial home rule to Basques and other peoples, but separatist gunmen want nothing less than total independence. Basque extremism could provide the pretext for another military uprising by a disaffected officer corps now restrained mainly by its loyalty to the popular king, Juan Carlos.

Spain's European neighbors and the United States cannot save Spanish democracy from a military bent on destroying it. But they can surely help deter insurgency by public support for a challenged democracy, and with private signals to the headstrong generals and colonels. In the 1930s, the Western democracies undermined a Spanish Republic by denying it help while Germany and Italy aided its adversaries. To appear indifferent again to Spain's internal struggle would be to betray not only the Spanish people but also U.S. values and interests.

THE NEW YORK TIMES.

## International Opinion

### The 'Northern Mentality'

The crisis in Italian society is profound. Italians have long recognized a Southern appetite for corruption and for ensnaring the institutions of the state in conspiracy and self-interest. The shortcomings of "the Southern mentality" have been seen as one of the main burdens of united and independent Italy.

But Italians have been forced by the latest scandals to ask whether there is not a Northern problem too, which penetrates both private and public life. Optimists may argue that the country is sustained by an alert business community, a skilled labor force, and a capacity for flexibility and tolerance in everyday life. Some parts of the system and the political world are indeed healthy, but a nation which saw the botched response to the Southern earthquake in November and is now immersed in the revelations of Italy's biggest postwar scandal will not be persuaded easily to write off the present government hiatus as little more than an ordinary political hiccup.

— From The Guardian (London).

### Britain's Oil Price

The price of Britain's North Sea oil is far too high. It is grossly overpriced by the levels of the marketplace, where cargoes of North Sea are fetching 15 percent less than the contract prices charged by the British National Oil Corporation (BNOC). It is 20 percent higher than the prices charged by Saudi Arabia, which has been fighting a lone battle to bring some order and moderation to OPEC's pricing policies ...

Saudi Arabia's struggle to achieve some ra-

ionalized system of oil pricing, albeit self-interested, is critical. Its view that the violent fluctuations in oil prices should be stopped, and that the producers should be given some incentive, just as the consumer should be given some assurance against disruption, is surely a view that fits in well with Britain's own needs.

Britain today is both an oil producer and a consumer. A gesture now to unlock its prices — and to move down a little towards the middle range that Saudi Arabia seeks — would be statesmanlike, and in keeping with Prime Minister Margaret Thatcher's beloved doctrine of the marketplace.

— From The Observer (London).

### Role in South Africa

The [South African] Nationalists have held uninterrupted power for a generation. The state of South Africa today is their doing ... Their role is seriously threatened neither from outside nor from within.

Militarily South Africa is in a different class from all other African states ... Its police are as effective as they are repressive; domestic protest, though sometimes bloody, remains episodic ...

Ultimately it is not [Prime Minister P.W.] Botha or anybody of his generation who will decide the fate of South Africa. It will be decided either by a racial armageddon too frightening to contemplate; or by changes in the thinking and behavior of the younger generations, both whites and nonwhites.

If the rest of the world has a role, it is to encourage any signs of imagination, human sympathy and the recognition, however reluctant, of the virtues of power-sharing.

— From The Sunday Times (London).

### In the International Edition

#### Seventy-Five Years Ago

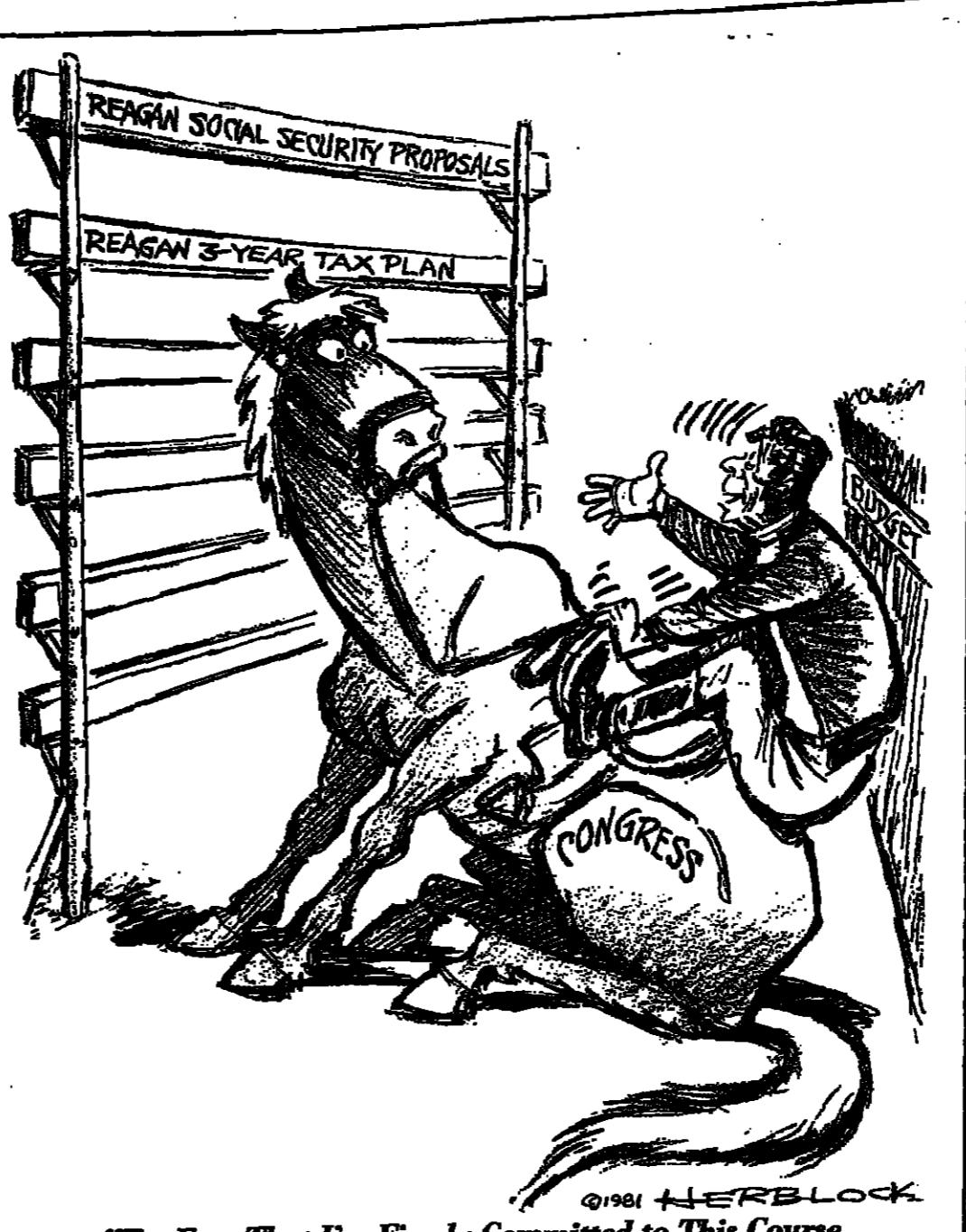
June 1, 1906

MADRID — Amid much regal pomp and state, King Alfonso of Spain and Princess Ena of Battenberg were married yesterday in the Church of San Jeronimo. The day would have been one of national rejoicing but for the perpetration of a dastardly anarchist outrage that killed and wounded many persons. The nuptial procession was returning to the palace when a bomb concealed in a bouquet was thrown from the upper floor of a house. It exploded to the right of the carriage between the last pair of horses and the front wheels of the carriage, killing both horses and groom. Neither the king nor his bride was hurt, but the bomb has terribly saddened their wedding day.

#### Fifty Years Ago

June 1, 1931

PARIS — Victories for France and Germany brought to a close the French hard court tennis championships for 1931 at Roland Garros stadium yesterday. Jean Borotra, the "Bounding Basque," proved he was still capable of antiseptic antics by beating Christian Boussus, one of France's second-string hopes, in four sets. Boussus tried to stave off the stinging drives that streaked off Borotra's racket, but he, like many others, discovered that extraordinary skill is required to combat the Basque's net game. Cille Aussem, the German woman's champion, proved that greyhound talents for speed and endurance were of greater importance than the slugging arm of Betty Nuttall of England.



'The Fact That I'm Firmly Committed to This Course Doesn't Mean I Wouldn't Consider Other Ideas.'

## Begin's Political Tour de Force

By Stephen Klaistman

PARIS — At the end of February, an Israeli newspaper's opinion poll showed Prime Minister Menachem Begin's ruling Likud bloc trailing the opposition Labor Party by more than 2-1. What's more, Mr. Begin's party was also behind the upstart faction headed by former Defense Minister Moshe Dayan.

Now, only three months later, the polls and the pundits are predicting a Begin victory in the June 30 national election. Why the turnaround? Because the wily prime minister, who developed his craft in 30 years of opposition, has put on a dazzling display of politics as anyone has seen in recent times.

In the process, Mr. Begin, who is stiff-necked and given to lecturing

### CROSSCURRENTS

others on ethics and morals, has left himself wide open to charges ranging from cynically manipulating the economy for political gain to needlessly endangering the lives of Israeli soldiers and even risking war against Syria to guarantee his re-election.

Consider the following series of actions in recent months:

• The Begin government cut the sales tax on luxury items such as television sets and automobiles despite the fact that Israel's inflation rate was more than 130 percent. Israelis buy goods such as television sets and cars as a hedge against inflation.

• Mr. Begin went into the West Bank and promised that Israel would continue to build settlements to populate the territories captured during the 1967 war. That position is popular not only with the settlers, but with the North African Jews who form the core of the prime minister's constituency.

• In early May, after Helmut Schmidt visited Saudi Arabia, Mr. Begin excoriated the West German chancellor in language calculated to make diplomats cringe and a segment of the Israeli electorate respond in grim satisfaction.

• Unusual Language

Irrespective of the merit of Mr. Begin's argument — that in considering the sale of arms to Saudi Arabia and in articulating a West German commitment to the Palestinian people, Mr. Schmidt was being morally obtuse — the prime minister's choice of words was extraordinary. Mr. Begin accused Mr. Schmidt of not being "aware of the obligation toward the Jewish people of which Germany destroyed one-third." He then lumped French President Valery Giscard d'Estaing with Mr. Schmidt and charged the two leaders with "unbridled greed and av-

itance."

But what does all this say about the Israeli electorate? Are they blind, or incurious to the blatant cynicism of Mr. Begin's campaigning? Or do they believe that Mr. Begin's unyielding approach is still required in an increasingly hostile Arab state and Israel?

It's all rather breathtaking. At the very least, it seems to have taken the breath away from Mr. Peres, who has not seemed able to get his campaign off the ground. Never mind that Mr. Begin was elected to lick inflation and that it has almost tripled during his tenure as prime minister. Licking of wages and prices prevents Israelis from feeling the true impact of inflation and they are used to mortgaging their future.

Take the men who fought in Vietnam, for example. A study that was mandated by Congress and based on interviews with a random sample of 1,400 men who came of age during the Vietnam era provided a systematic comparison between veterans and nonveterans.

On the average, those who served in Vietnam today have less education and lower status jobs than other men of the same age and background. Among veterans with Vietnam service, those who saw heavy combat are more likely to use alcohol and drugs, to have criminal records, and to suffer from medical problems and stress-related symptoms. As a rough estimate, half of the nearly 3 million men who served in Vietnam are still burdened by unresolved war experiences.

Why do these problems persist?

The answer most often ignored is that the conflict that burden many former servicemen are ones that continue at home. During the war years, veterans' difficulties increased with the mounting controversy. Fractionalism rooted in the Vietnam era still seethes, though now it is mostly beneath the surface. Americans have yet to see that veterans' problems, while serious enough in their own right, are symptomatic of a historic dilemma that they begin to worry.

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On the average, those who served in Vietnam today have less education and lower status jobs than other men of the same age and background. Among veterans with Vietnam service, those who saw heavy combat are more likely to use alcohol and drugs, to have criminal records, and to suffer from medical problems and stress-related symptoms. As a rough estimate, half of the nearly 3 million men who served in Vietnam are still burdened by unresolved war experiences.

Why do these problems persist?

The answer most often ignored is that the conflict that burden many former servicemen are ones that continue at home. During the war years, veterans' difficulties increased with the mounting controversy. Fractionalism rooted in the Vietnam era still seethes, though now it is mostly beneath the surface. Americans have yet to see that veterans' problems, while serious enough in their own right, are symptomatic of a historic dilemma that they begin to worry.

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Why do these problems persist?

The answer most often ignored is that the conflict that burden many

# French Government Strives in First Days To Set a Moral Tone

By Richard Eder  
New York Times Service

**PARIS** — There is a brief time, between the promises of the campaign and the long haul of trying to make a mark on reality, when a new government has a moment to present itself. This is done through its appointments, its first measures, usually symbolic, and its first words. These, in different ways, are all signs. Through them, the government says what it would like to be, as opposed to its campaign version of what it thinks the voters would like it to be, or what reality will compel it to be in the future.

The most conspicuous thing, a week after Francois Mitterrand became the first Socialist president of France's Fifth Republic, was cheerful confusion and unsettled

feeling and will expect his staff to work 10 hours a day.

But perhaps the clearest and most forceful expression of the tone the French government hopes to set for itself was given by its foreign minister, Claude Cheysson, in an interview with *Le Monde*.

Mr. Cheysson, who was a member of the Common Market Commission and whose major interest has been Third World development, has spent part of the last week sending out messages of reassurance that France will remain loyal to its Western allies. At the same time he appeared before a UN meeting on apartheid to indicate a shift in France's previous policy of opposing sanctions against South Africa.

In the interview with *Le Monde*, Mr. Cheysson went beyond balancing. He gave a striking picture of how the Mitterrand government meshes its beliefs in the need for firmness toward the Soviet Union, solidarity with Western Europe and energetic support of change and development in the Third World. The picture had some unexpected affinities, as well as some expected differences, with the views of the Reagan administration.

## Danger of Neutrality

Mr. Cheysson, like Washington, is bitterly opposed to neutrality in Europe, but his analysis follows a very different line. He sees it as a result of a spiritual entanglement, a neglect of the central moral and political duty of the West. This central duty, he argues, is to aid the Third World and give sympathetic understanding to radical movements. This is not secondary to containing the Soviet Union but essential to it.

He was, he said, "stupified" to see that neutrality was beginning to make headway in Britain. "I tell you, there is a danger of neutrality. It results from a spirit of surrender, of a great weariness, and this makes me desperate. It is a danger I see far less in France, and this is a remarkable sign of our health."

The West, he said, must defend what it stands for: justice and freedom everywhere. "Let us speak of who we are, for pity's sake; of what we are fighting for. Let us move when the Greeks get rid of their colonels and when Franco dies."

"If we can convince our peoples that something is happening, something that distinguishes them from others then I think neutrality will have no appeal. But if we are nothing, only people who think of their children, their second car, their vacation, traveling around the world, then why bother with all that, with military service or paying taxes to build a nuclear defense force?"

Mr. Cheysson is arguing that neglect of the economic and political development in the Third World in favor of containing Moscow endangers the very ability to contain and that the West cannot summon up willpower from a bad conscience.

The connection has not been much made during the self-appraisal and reappraisal going on in the West. It is likely to be only one of a number of novel thoughts that Mr. Mitterrand's people will bring to the discussion.

## NEWS ANALYSIS

But the minister of environment cannot find a place for his offices and there seem to be two, or possibly three, official presidential press representatives and a host of unofficial ones. Newly important people are unexpectedly free for lunch, not because they have nothing to do but because they have so much that it is stuck on its way up to them.

But at the same time a picture is emerging of the moral imprint that Mr. Mitterrand, Prime Minister Pierre Matignon and their unusually large Cabinet are trying to make on French society.

## Range of Philosophies

There are all shades in the government, from prudence to radicalism. Maurice Faure, an old Fourth Republic foreign minister, is there as justice minister. Regis Debray, a former guerrilla theorist and companion to Che Guevara, is a foreign-policy adviser.

Mostly, however, they are men who could be called moderate but hopeful. Their conviction at this stage is that it is possible to apply more justice, equity and imagination to the affairs of France and the world. The government faces elections for the National Assembly in the middle of June, and the expectation among political commentators is that even if the Socialists do not win an outright majority, they will command enough seats to be able to govern.

There has been a miscellany of initial measures, apart from the job of keeping the franc above water. It was announced that social benefits and the minimum wage would be raised, probably by about 10 percent. Mr. Mitterrand has commuted the death sentence of a murderer and ordered a halt to the deportation of second-generation North Africans in France. Neither step is politically profitable, and both were taken on earlier pledges.

## Cheysson Sets Tone

The construction of a nuclear power station in Brittany has been canceled as part of a pledge to re-examine France's nuclear-energy policy. Prosecution of the newspapers *Le Monde* and *Liberation* on charges of insulting the judiciary will be dropped. Ministers have been told to live simply, and Mr. Mitterrand has said he will do little.

## South Africa Using Foreign Troops in Angola Raids

By Joseph Lelyveld  
New York Times Service

**JOHANNESBURG** — In response to allegations of atrocities made at the start of the year, South Africa has furnished some information about a battalion made up mainly of foreigners — black refugees from Angola, plus a few Europeans who would normally be described as mercenaries — that it has been using for raids into Angola against the insurgent movement known as the South-West African People's Organization (SWAPO).

The unit is described as a regular battalion in the South African defense forces, but the only South African citizens in it appear to be its officers and senior noncommissioned officers.

Four South African journalists who were allowed to visit the unit at its base in the western part of the area known as the Caprivi Strip, adjacent to southeastern Angola, were told that most of the troops were former soldiers in the National Front for the Liberation of Angola, one of three factions that struggled for power in the former Portuguese colony.

Others are said to be black troops who served with the Portuguese Army. The Europeans who are from Britain and Belgium, appear in some cases to have served as mercenaries in the Rhodesian Army before signing up with the South Africans. Originally there were 21 Europeans serving in the unit, formally known as the 32d but nicknamed the "Buffalo" Battalion. But there are now said to be only eight. A South African battalion, like the 32d, normally has about 1,000 troops in it.

A spokesman for the defense forces said last week that South Africa did not regard them as mercenaries since they serve as regular members of the army at the standard rates for military pay in South Africa. The foreigners are under short-term contracts — usually for one year — that were also said to be available to South African citizens with military experience. On signing up, they are paid a bonus equivalent to \$600; they receive another \$1,800 at the end of their contracts, according to the spokesman, who said he was not authorized to say how many foreign blacks or whites were serving in the South African Army on this basis.



Mao visiting Soong Ching-ling at her Shanghai home in 1961.

## Turkey's Ruling General Keeping His Options Open

By Kevin Klose  
Washington Post Service

**ANKARA** — Gen. Kenan Evren, the head of Turkey's military government and leader of the coup that suspended democracy here last September, sounds like a man interested in remaining in high office.

He was, he said, "stupified" to see that neutrality was beginning to make headway in Britain. "I tell you, there is a danger of neutrality. It results from a spirit of surrender, of a great weariness, and this makes me desperate. It is a danger I see far less in France, and this is a remarkable sign of our health."

After asserting that the coup was carried out not in order for him to become president but to prevent civil war, he added, "At the time when there are normal elections for the office of president, I shall act in accordance with the will and intentions of the people."

The West, he said, must defend what it stands for: justice and freedom everywhere. "Let us speak of who we are, for pity's sake; of what we are fighting for. Let us move when the Greeks get rid of their colonels and when Franco dies."

They said Sunday that a special 11-man homicide squad was investigating the killing.

Mr. Wheeler was getting into his car at the club on Wednesday when a man approached and shot him in the head with a .38-caliber weapon, police said. They said the assailant fled in a car driven by another man.

Besides heading Telex Corp., a \$150-million computer and electronics firm, Mr. Wheeler owned jai alai frontons in Florida and had extensive land and petroleum holdings. He had recently sold a Hartford, Conn., fronton, which was fined for failing to report possible game fixing before he bought it.

Employees said Mr. Wheeler had been worried about possible kidnapping, especially of his family. Telex Corp.'s vice president, J.B. Bailey, said Mr. Wheeler unsuccessfully tried to get a gun permit for the family butler to protect his wife during her morning jogs.

## 2 Die in Danish Shooting

The Associated Press

**AARHUS**, Denmark — A man ran into a crowded restaurant in this eastern port city early Saturday and opened fire with an automatic pistol, killing two persons and severely wounding two before patrons subdued him, police said.

The connection has not been much made during the self-appraisal and reappraisal going on in the West. It is likely to be only one of a number of novel thoughts that Mr. Mitterrand's people will bring to the discussion.

In January, when a South African unit raided buildings in Mo-

zambique of the African National Congress, a movement of exiled South Africans, the two troops reported killed in the operation turned out to be foreigners; one British, the other a former Rhodesian Army. South Africa denied that they were absorbed as a unit but declined to say how many of the former Rhodesians had enlisted as individuals.

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South Africa has repeatedly denied the accusations of Prime Minister Robert Mugabe of Zimbabwe that it is training black troops from his country in order to be able to conduct operations there, but the possibility that individual Zimbabweans might have been allowed to enlist in the South African Army was not ruled out by the military spokesman.

The existence of the 32d Battalion came to light when a deserter from the unit, an Englishman named Trevor Edwards who held the rank of lance corporal, said in London that the unit had killed civilians in Angola, including children, and that it had poisoned water holes there. He said, too, that while in the battalion, blackened their hands and faces when they went into operations and that the unit fought with East European weapons and uniforms without South African markings.

Commandant Deon Ferreira, the commanding officer, denied these allegations in interviews with the South African journalists, except to say that the whites went into battle with blackened faces. "Black is beautiful," he remarked.

Under the agreement, which requires ratification by seven members before it comes into force, each country will earmark units of its national army for joint use, Dr. Quattara said.

The organization would set up a council made up of the community's heads of state, and a commission of defense ministers and chiefs of staff. There would also be a deputy executive secretary in charge of defense matters who would be a military officer.

The agreement was said to bring into question the future of French military bases. France has about 10,000 soldiers in Africa, and almost 2,000 of them are based in Senegal and the Ivory Coast, both members of the economic community.

Under President Francois Mitterrand, a critic of French military intervention in Africa under his predecessor, Valery Giscard d'Estaing, France is reviewing its military policy in Africa.

The reporter for the South African Broadcasting Corp. then commented on the air that the existence of the pledges was an indirect acknowledgment that there could be a problem.

"Obviously," Commandant Ferreira said, "should you commit atrocities against the local population, you can forget about getting any information in the future.

We've had very good kills on the information given us by the local population. And besides, they are

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## China Invites Taiwanese to Take Part In Services for Sun Yat-sen's Widow

By James P. Sterba  
New York Times Service

**PEKING** — China has offered to let Taiwan's official airline land special flights here this week so that Taiwan-based relatives and friends can attend funeral services for Soong Ching-ling, widow of Sun Yat-sen. Miss Soong died Friday in Peking.

[In Taiwan, sources who asked not to be identified said President Chiang Ching-kuo and the military commander in chief, Chiang Wei-kuo, sons of Chiang Kai-shek, would ignore the invitation. The Associated Press reported. Taiwanese media have accused China of exploiting for propaganda purposes the marriage of Soong Ching-ling to Sun and their efforts to unite all Chinese as patriots regardless of ideology, AP said.]

Miss Soong's sister, Soong Mei-ling, widow of Chiang Kai-shek, resides in Lattington, N.Y.

## Travel Expenses

The funeral committee in Peking, which includes the entire Communist Party leadership, offered to pay the travel expenses of Miss Soong's friends and relatives living on Taiwan to attend services starting Sunday at the Great Hall of the People, memorial services Wednesday, and a burial service at the Soong family cemetery in Shanghai on Thursday.

On Friday night, the funeral committee sent telegrams to Miss Soong's relatives and friends in

Hong Kong, the United States and Taiwan announcing her death and expressing grief. It was not known in Peking whether the telegrams reached Taiwan, which refuses to accept any direct communication from the mainland.

The funeral committee's message said: "All of comrade Soong Ching-ling's relatives and friends in Taiwan are welcomed to attend the memorial service. Special flights of China Airlines may land at Peking Airport or the Hongqiao Airport in Shanghai. The funeral committee will bear all expenses." China Airlines is Taiwan's national carrier.

It was the first time Peking had offered to allow Taiwan's aircraft to enter mainland airspace.

"She was considered to be 90 years old according to the traditional Chinese practice," the agency said.

That practice dates back to 1971, when Taiwan's mainland has treated Taiwan as a wayward province and offered to establish direct links of various kinds.

The election of Ronald Reagan, a strong supporter of the anti-Communist Taiwanese, has stiffened the Taipei leadership's resolve not to deal directly with Peking.

Sun, who died in 1925, is revered by both the Communists and the Nationalists as the father of modern China.

Perhaps to highlight her role as a link between Taiwan and the mainland, Miss Soong was appointed to senior roles in the Pe-

king government but was never accepted as a full member of the Communist Party until two weeks ago, when she was gravely ill.

On May 16, the standing committee of the National People's Congress, China's nominal legislative body, named her honorary president of the People's Republic.

## Chinese Practice

A 3,400-word obituary published Saturday by the Chinese news agency described Miss Soong as a "great patriot."

The obituary said she was born in Shanghai on Jan. 27, 1893.

She had been assistant editor of

The Economist magazine and a governor of the BBC.

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In 1913, she met Sun and became his secretary. They were married two years later.

**Barbara Ward, 67, Economist, Dies in England**

**LODSWORTH**, England — Barbara Ward, 67, the English economist, died Sunday at her home here after a long illness. Her death was announced by the International Institute for Environment and Development, of which she was president. Five years ago she was made a life peeress, becoming Baroness Jackson of Lodsworth.

She had been assistant editor of The Economist magazine and a governor of the BBC. In her writings and lectures she sought a fairer sharing of the world's resources between the rich and poor countries.

In 1967 she was appointed to the Vatican's Pontifical Commission for Justice and Peace and in 1971 became the first woman to address a synod of bishops at the Vatican.

Last year she received India's Jawaharlal Nehru Memorial Award for international understanding and donated the prize money to an Indian leper colony she had long supported.

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# International Bond Prices - Week of May 27

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

## RECENT ISSUES

| Am't | Security            | Curv | Issue P.V. | Amt P.v. | Yield |
|------|---------------------|------|------------|----------|-------|
| \$40 | Fed Business Dev Bk | s    | 99 3/4     | 100 3/4  | 16.43 |
| 100  | Fed 2% 1984 Jun     | s    | 99 1/2     | 100 1/2  | 16.43 |
| 880  | Fed 2% 1985 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 44   | Fed 2% 1986 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 1987 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 1988 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 1989 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 1990 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 1991 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 1992 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 1993 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 1994 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 1995 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 1996 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 1997 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 1998 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 1999 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2000 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2001 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2002 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2003 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2004 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2005 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2006 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2007 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2008 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2009 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2010 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2011 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2012 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2013 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2014 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2015 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2016 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2017 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2018 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2019 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2020 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2021 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2022 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2023 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2024 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2025 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2026 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2027 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2028 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2029 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2030 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2031 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2032 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2033 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2034 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2035 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2036 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2037 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2038 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2039 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2040 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2041 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2042 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2043 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2044 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2045 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2046 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2047 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2048 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2049 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2050 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2051 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2052 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2053 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2054 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2055 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2056 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2057 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2058 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2059 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2060 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2061 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2062 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2063 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2064 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2065 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2066 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2067 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2068 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2069 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2070 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2071 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2072 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2073 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2074 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2075 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2076 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2077 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2078 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2079 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2080 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2081 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2082 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2083 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2084 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2085 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2086 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2087 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2088 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2089 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2090 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2091 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2092 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2093 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2094 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2095 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2096 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2097 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2098 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2099 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2100 Jun     | c    | 100        | 99 1/2   | 16.87 |
| 100  | Fed 2% 2101 Jun     | c    | 100        | 99 1/2   | 16.87 |
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JUN 1981

# INTERNATIONAL Herald Tribune

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## ITALY

A SPECIAL SUPPLEMENT

Alan McRae

Alan McRae

Charlotte Dorsey

Alan McRae

*The Italians: Far left, a Venice gondolier; far right,威尼斯人 in St. Mark's Place. Above left, two provincial boys accompany their mothers on a tour of Rome's tourist stands. Below left, a Roman souvenir vendor, a schoolgirl and a fruit vendor.*

## A Nation Beset by Multiple Problems Shows Its Resiliency

### A Solid Majority Is No Guarantee

By Sari Gilbert

**R**OME — The scandal that brought down the seven-month-old coalition government of Christian Democratic Premier Arnaldo Forlani illustrates that the fragmentation of Italian politics caused by both real and fabricated issues has reached such a point that even a respectable parliamentary majority is no longer a guarantee of a government's survival.

The scandal, which concerns the role of a secret Masonic lodge known as Propaganda Two, or P-2, has been brewing since the mid-1970s, when suspicions regarding the activities of the lodge's fugitive grand master, Licio Gelli, led to accusations that it was "a center of secret power."

It came to a head in recent weeks with developments in the investigation of Mr. Gelli's relations with bankrupt Sicilian financier Michele Sindona, now serving a 25-year sentence for fraud in the United States.

The political implications of the scandal, however, became apparent only in late May when, under pressure from opposition parties and the press, Mr. Forlani released a list of more than 950 alleged P-2 members.

Along with conservatives, the list — which

included members of parliament, top military officers and scores of high-ranking civil servants and public officials — contained members of the Christian Democratic, Socialist, Republican and Social Democratic parties, the four political groups that made up the country's center-left coalition. There were also three Cabinet ministers.

Since its formation last October, the Forlani government had won few laurels for handling Italy's social and economic problems. Not surprisingly, it has come under constant criticism from the opposition Communists, who themselves have been searching for a coherent political line since their de facto alliance with the Christian Democrats collapsed in 1979.

It is true that Mr. Forlani's government was forced to deal with a series of unforeseen events, including a tax fraud scandal involving top officers of the customs police that led to the resignation of Industry Minister Antonio Bisaglia, and the major earthquake in the south that revealed once again the government's incapacity to deal quickly and effectively with a national emergency. Next came the Red Brigades kidnapping of Rome magistrate Giovanni d'Urso, which led to a sharp split among government parties over the response to terrorist demands.

But the fact is that serious differences have existed all along among the coalition parties on questions of substance, economic and otherwise, and on considerations of political power. Despite a parliamentary majority of more

(Continued on Page 10S)

Sari Gilbert, an American based in Rome, has contributed to The Washington Post and to the International Herald Tribune and its special supplements for several years. She coordinated this supplement.

### A Stormy Relationship

**R**OME — Recent international developments, particularly in Afghanistan and Poland, have again focused attention on the relationship between Italian Communists and the Soviet Union.

Tensions between the two, described by some non-Communist commentators as a symptom of constant disagreement on essential matters, could increase if the Soviet Union were to intervene militarily in Poland. Nevertheless, many Italian Communists' strong emotional or ideological attachment to the Soviet Union make a total break unlikely even then.

Rightly or wrongly, fluctuating relations between the Italian Communist Party, the West's largest, and the Soviet Union have been viewed by many for years as a gauge of the party's credibility.

Some critics insist that only an out-and-out break with the Soviet Union could guarantee the Italian party's genuine democratic faith. U.S. officials, while acknowledging the party's differences with the Russians, insist that party criticism of certain Soviet policies has not been

(Continued on Page 10S)

followed by action to substantiate its declared attachment to the West.

The Communists themselves say that the primary source of their credibility is their political strength — 201 seats in the 630-member Chamber of Deputies. But they insist, too, that their record during the last decade has adequately established their independence from Moscow.

There is little doubt that serious differences exist. Only a few weeks ago, Soviet foreign expert Vadim Zagladin wrote in a Soviet review that, "by leaning toward social democracy," the Western Marxists or Eurocommunists were "renouncing the principles of proletarian internationalism."

But for the Italian party, disagreement goes well beyond theory.

The Italians sharply condemned the Soviet intervention in Afghanistan and defended the movement for democratic change in Poland.

Last December, as fear of a Soviet military

Rome — A major archaeological project unveiled earlier this year by Rome's leftist city administration has caused a serious controversy over a longtime problem — how to reconcile the conservation of the past with the needs of a modern urban center.

The long-term project calls for excavations that would involve first closing, and later tearing up, Via dei Fori Imperiali, a broad avenue built by Mussolini in 1932 largely for ceremonial uses. The wide street runs from the central Piazza Venezia to the Colosseum, passing between the Roman Forum and Trajan's Forum, and is today a major thoroughfare.

Opponents of the plan contend that it will

seriously disrupt Rome's already-chaotic traffic as well as destroy a boulevard that, they say, is now in itself a part of Italian history. They describe the project as a plan "to transport Pompeii into the heart of Rome" and insist that it is an electoral ploy by the Communist-led city administration whose five-year term ends this month.

The supporters of the project — the brainchild of Rome's 43-year-old superintendent of archaeological monuments, Adriano La Regina — believe instead that it is an essential step both in saving Rome's monuments from pollution and in bringing about an overall, long-term improvement in the quality of life.

"Immediate action is necessary to protect

the monuments from further environmental damage," said Mr. La Regina, who three years ago began a campaign to dramatize the effects on Rome's artistic heritage of automobile exhaust fumes, residential heating units and vibrations from traffic. "But stopping the traffic would be only the first step." He said the long-range goal is a vast archaeological park that residents of the city could cross by foot or bicycle.

In the process, excavations under the avenue would bring to light previously unearthened portions of the forum of Caesar and the emperors Augustus, Nerva and Trajan.

The plan devised by Mr. La Regina, a gov-

(Continued on Page 8S)

### LABOR:

**R**OME — Earlier this year, Italy's Socialist minister of transport made headlines when he ordered 350 striking Alitalia pilots into the air in a largely successful effort to blunt the effects of a weeklong, Easter-season walkout.

But if the new government succeeds in persuading Italy's parties and unions to back leg-

islation limiting strikes affecting public services, it will be making history.

Since the late 1960s, Italy's three giant confederations of labor have made ample use of the right to strike. But in recent years, walkouts, particularly by independent or "autonomous" unions, that disrupt public services have become so frequent that a backlash has developed.

Faced with disruptions in postal service, train and airplane travel, urban transport and even in the services of public-health plan doctors and personnel, there is growing public and political pressure for government intervention.

Some months ago, in the midst of several transport strikes, the transport minister made a telling remark: "In an era of great uncertainties, people must at least be assured of smaller certainties, like the possibility of taking a flight or catching a train."

Now Minister of Labor Franco Foschi, a Christian Democrat, has taken up the same theme. In a letter in early May to the political parties, unions and manufacturers' associations, Mr. Foschi set out the basic points that a strike law might include. As new nationwide urban transport stoppages loomed, he pointed out that all Italians were becoming increasingly convinced of the need "to guarantee with a legislative act the civil and orderly conduct of our social life."

Mr. Foschi has suggested that a law regulating strikes might define sectors of important public interest, ban public service strikes during certain holiday periods and make conciliation procedures obligatory.

#### Union Codes

In an attempt to gain support from the three main unions, which in recent months have conceded that action is needed, he has also proposed incorporating into a law the unions' own self-regulation codes as well as revisions of the Fascist-period injunction law that allowed the transport minister to order pilots belonging to an independent union, ANPAC, not to go on strike.

But although Article 40 of the constitution foresees the possibility of a regulatory law for strikes, so far the unions have unanimously rejected the idea of parliamentary action, saying that it would be ineffective while representing "a grave and unacceptable attack on workers' rights."

The three unions have urged instead that self-regulation codes be extended to all sectors. But in fact, when they do exist, the codes have often been useless.

The main problem, all agree, is to a method that binds the powerful "autonomous" unions.

(Continued on Page 11S)

### Predictions On Economy Are Gloomy

**R**OME — For years, economists, bankers and politicians here have done little but warn about impending economic and financial doom. But their Cassandra-like intonations have contrasted sharply with Italy's visible wealth and also, until recently, with some key economic statistics.

Last year, for example, while most Western economies were sluggish from the ills of a modified recession, Italy finished with an unexpected growth rate, in real terms, of 4 percent.

Although the growth was encouraging to some, it was unfortunately based largely on unchecked domestic demand, on a "buy now, next year it will cost more" mentality. Consumption and investment may have increased, but almost nothing was added to the country's long-term productive capacity, nor was a youth-related 7-percent unemployment figure reduced.

The country's record of successfully mudling through economic disaster in a style befitting the West's sixth-largest economic power no doubt will make many look askance at the most recent crop of dire predictions — most notably that of zero growth for the current year as well as impending financial disaster if something is not done to correct a balance-of-trade deficit, which stood at 18.6 trillion lire last year against 4.7 trillion in 1979.

But this time there appears to be reason to

Exchange rate: \$1 = 1,160 lire

believe that, if serious action is not taken soon to redress persistent problems, the knots — as the saying goes in Italy — will really come to the comb.

Italy, which lacks its own energy sources, has long had balance-of-payments troubles because of the heavy oil bill paid for fueling its economy.

A worrisome new development is the unprecedented fall-off in exports. After several years of export-led growth, Italian exports declined last year both in volume, by 4.3 percent, and in real terms, by 8 percent.

In recent years, Italian products have gradually been losing their competitiveness abroad. With a 1980 inflation rate of 21 percent against 12.2 percent in the European Economic Community and 12.8 percent for OECD countries as a whole, many observers feel that the Italians have slowly been pricing themselves out of the international market.

Should there have been any doubt about this unfortunate trend, last year's trade figures were enough. When the February deficit alone measured 1.6 trillion lire, the government stepped in with a 6-percent devaluation against European Monetary System currencies as well as with drastic monetary measures designed to cool off the excess purchasing power that had been overheating the economy, keeping imports high (83.5 trillion lire in 1980) while exports were shrinking.

The measures — high interest rates and a low credit ceiling — are expected to help bring about a mild recession. But there is little optimism that they will be effective unless Italy's structural problems can be solved.

#### Cost-of-Living Rises

Ironically, both excessive domestic demand and the fall-off in exports, even in traditionally strong sectors like furniture and shoes, shared at least one cause: the so-called *scala mobile*, or cost-of-living escalator index, which acts as a conductor for both domestic sources of inflation and foreign ones, such as increasingly expensive raw materials and oil.

Wage indexing has existed in Italy for several decades, and the present system of quarterly adjustments of wages to consumer-price rises was adopted in 1973. For every "scatto," or rise, in the escalator index — determined in relation to price increases for a basket of goods — a worker's pay envelope grows by 2.59 lire, with no corresponding increase in productivity or output. In 1980, there were 38 "scatti." In the first quarter of this year alone there were 14.

The automatic nature of the *scala mobile* has enabled the Italian worker to keep up with inflation better than his counterparts elsewhere. In fact, salaried workers' incomes rose last year by 23.7 percent.

Economists point out, however, that such increases not only ease the practical sting of inflation that elsewhere might lead to a race-to-the-bottom on governments for effective action, but they flatten out wage differentials. One American

### FLAVOR STARS IN ICE ON HOLIDAY

By Daniela Petroff

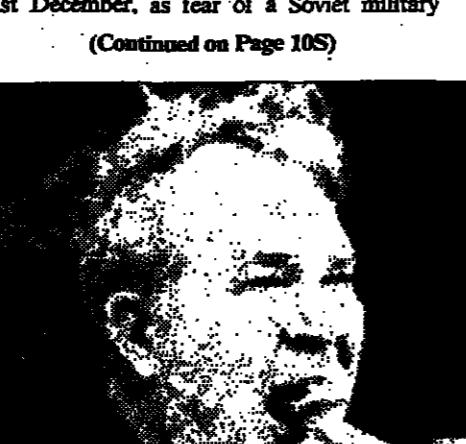
**R**OME — Like the azaleas in spring, ice cream signals the coming of summer to Italy. The multi-flavored, multi-shaped gelato crops up at coffee bars, refreshment stands and ice-cream parlors (*gelaterie*) as soon as the Mediterranean sun begins to tingle the warm-weather taste buds, sometime between Easter and the beginning of May.

During the summer months, sales triple and quadruple, the ice cream offering an excuse for a date, an after-dinner family outing, or a chance to escape from the humdrum of an evening in a hot apartment.

Total ice-cream sales in Rome alone last year topped \$32 million, and although annual per capita consumption in Italy — 16½ pounds — is still lower than it is in the United States, it is rapidly climbing.

The main reason for the expansion of the ice-cream market is the Italian imagination and artistry that goes into the product.

A top *gelateria* may offer as many as 60 or 70 flavors, ranging from plain old vanilla and chocolate to flavors such as cantaloupe, watermelon, raspberry, apricot, grape, lime, prickly pear and persimmon.



Other flavors take their inspiration from candy and pastry, such as *gianduia*, from a chocolate-drop speciality of Turin, or *tartofino*, a type of iced nougat, or the egg-and-rum *zabaglione*. For spirited taste buds, there is vanilla ice cream drowned in whisky or cognac.

According to Alberto Pica, the president of the association that represents ice-cream parlors and coffee bars in Rome, Italy's ice-cream makers "hit the jackpot" with the fruit craze. "When we introduced the multi-fruit-flavored varieties a few years ago, the sector went wild," he said.

Much of Italian ice cream is homemade. In Rome, only one-fourth of total sales go to



the makers of pre-packaged, preservative-added ice cream. In Italy as a whole, the proportion is 70 percent homemade.

"This is quite a turnaround," said Mr. Pica, who noted that in the 1950s the American influence had led to a switch to "industrial" ice cream. The change back to the *artigianale* (artisan-made) products came with the 1960 Olympics and business has been booming since.

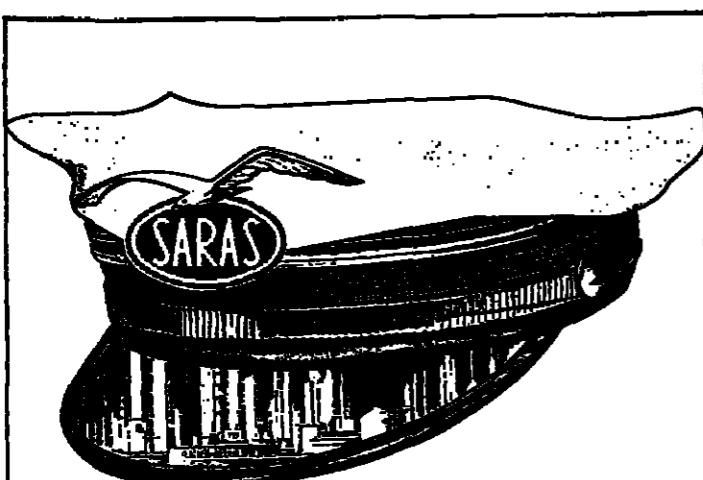
Times, of course, have changed. Today one would have trouble finding the ice-cream maker who in 1946 stayed up for two days and two nights to fill a big order, straining fresh strawberries through a piece of cloth with a chunk of ice so that his warm hands would not alter the taste.

#### Priest, students and ice cream cones

Charlotte Dorsey

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# ITALY

## TOURISM:

### Officials Keeping Stiff Upper Lip And Hoping for Better Luck Soon

By Janet Srobar

**R**OME — For a long time it seemed that nothing could stem the spectacular leading foreign-currency earners. And then... A cold spring, a late summer, a devastating earthquake in the fall and a meager snowfall in Alpine resorts in the winter — and 1980 became a year that tourism officials would prefer to forget. And 1981 could end up in the same category, although tourism officials are keeping their pessimism in check.

The results for last year were not all negative. The total number of tourists was 2.5 percent higher than the 1979 figure. But the money they brought in — \$7 billion — was less than the government's expectations of a 13-percent increase over 1979's tourist income of \$6.8 billion.

For Italy, this year is expected to be critical, one in which adjustments will have to be made to changes in tourist patterns and to the unfavorable world economic situation.

The first four months of 1981 show a decline in summer bookings, following hard upon winter tourists' unsurprising lack of enthusiasm for the sparsely covered ski slopes in the north.

This year's tourism has also been jeopardized by the disastrous earthquake in southern Italy last November," said Nicola Messina of the National Tourist Board (ENIT). "Many foreigners don't realize that much of the south was untouched and are wary about taking an Italian holiday this year."

But, he said, the earthquake is not solely responsible for the drop in the tourist trade.

Although Italy's devalued lira means that most foreigners will get a good exchange, neighboring Yugoslavia has also devalued by 20 percent and offers strong competition, as do both Greece and Spain, with their growing tourist accommodations and reasonable prices. Added to this is the general economic crisis that has hit most of Europe, forcing wage earners everywhere to economize.

Over Easter, which is usually one of the peak periods, there was a drop in foreign visitors, especially in the south. Sicily had 30 percent fewer tourists than it did a

year ago, while the Amalfi Coast on the fringe of the earthquake area suffered a 60-percent loss. The only noticeable increases were registered in some northern cities, mainly Florence and Venice.

In the face of the gloomy forecast of a 20- to 30-percent decline in tourism this year, both the Ministry of Tourism and local boards have proposed a series of measures designed to attract foreigners back to Italian shores.

These would include a 50-percent reduction on Italy's expensive highway tolls in the north and a 90-percent reduction in the south. A proposal to issue coupons that would allow foreign tourists discounts on up to 500 liters of gasoline was turned down. "We must convince people that the earthquake did not destroy the whole of southern Italy," a tourism official said.

Concern with the earthquake's effects has led the Naples Tourist Board to offer visitors coupons worth about \$100, entitling them to free entry to Naples' museums, opera house and theaters, a visit to Pompeii or Herculaneum, and discounts in some stores.

#### "Don't Hit Us"

Hotels in the cliffside resort of Positano on the Amalfi Coast have decided to keep prices down. "We don't want to hear the word 'earthquake' any more," said Michele Cinque, municipal tourist councilor and a hotelier. "The earthquake didn't hit us, and, furthermore, we've invested a lot in beautifying the town and cleaning up the sea. Now all we need are the tourists."

Further south, the regions of Calabria and Sicily plan to make up for the loss of Easter tourists by offering low-priced charter flights. In Sardinia, local tourist authorities say that the depression has not hit them, and that they might do even better this year than their mainland colleagues.

According to Nicola Casella of the Sardinian Tourist Board, not only are bookings flourishing on the Emerald Coast, but organizers expect a boom this year in medium-income tourists.

Despite the generally bleak outlook, however, officials are not discouraged. "After all, Italy has unique attractions," a tourist official in Rome said, adding, "We must convince people that Italian sunshine is as good as it is anywhere else."

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## ENERGY: Policy Debated as Shortages Loom

*Special to the IHT*

**R**OME — "Risk period," the disk attached to the elevator cage said. "Wednesday 9 a.m. to 10:30 a.m. — possible power cut."

For years, the government has been trying to persuade Italians to save on power. It has run newspaper advertisements explaining efficient building insulation; it has introduced a compulsory interruption of home heating during the warmer hours of the day; it has even, as the elevator notice shows, allocated potential blackout periods. But no one has taken much notice.

Suddenly, early this year, a freezing winter spell coincided with a series of strikes, and darkness descended on the country.

Two blackouts in January and February hit all of Italy. Others affected only the central and south areas. Damage ranged from simple inconvenience to serious losses to factories.

Ironically, for ENEL, the national electricity agency, the power cuts represented a chance to underline that Italy urgently needs to increase its power supply. For years, parliamentary inaction and local opposition have stymied plans to open new electricity plants and, in particular, to push the country toward nuclear power.

Although its vast reprocessing

industry has given it a reputation as the "refinery of Europe," Italy has almost no energy sources. Close to 85 percent of its annual energy supply is imported, including more than 100 million tons of oil.

Clashing with environmentalists, energy experts at ENEL, the Italian hydrocarbons agency, contend that Italy's hydroelectric and thermoelectric sources of power are almost entirely exploited. Imported natural gas supplies are expected to rise by more than 12 billion cubic meters annually with the full implementation of the new Algerian pipeline in 1985.

But ENEL says that this will not suffice to close a growing energy gap — expected to reach 30 percent in 10 years — that already forces Italy to import electricity from France, Austria, Switzerland and Yugoslavia. Successive versions of a National Electricity Plan have called for the construction of 12 nuclear power stations capable of supplying a total of 12,000 megawatts. Practically no action has been taken.

Only three small stations and one 2,000-megawatt plant at Caorso in northern Italy are functioning, providing 2 percent of Italy's electricity needs. In France, almost as poor in fuel deposits, Europe's most advanced nuclear program has failed to reassure the public on nuclear safety, as it has failed to point out the benefits of nuclear energy — its cost, for one thing, which is less than half that of oil-generated energy.

Certainly, the recent blackouts have weakened the anti-nuclear lobby. The slackening of tensions has allowed Industry Minister Filippo Maria Pandolfi to conclude an agreement with authorities in the southern region of Apulia on the construction of a 2,000-megawatt plant there.

That is only a beginning. A new energy plan calls for raising Italy's power-generating capacity from 38,000 megawatts to 87,000 megawatts a year during the next decade by a combination of new coal-fired plants, hydroelectric and geothermal units, and gas turbines and nuclear plants.

Mussolini's decision to build Via dei Fori Imperiali was a major blunder. According to Rome historian and urbanist Italo Insolera, the consequent concentration of shops, banks and offices in the historic center has led to severe congestion and helped destroy the area's residential nature and its artisanal-based economy.

### Resettlement

Furthermore, architect Antonio Cederna said, the avenue's construction involved the destruction of irreplaceable medieval and Renaissance buildings, which forced the resettlement of more than 5,000 people. He said that, as this destruction took place more than 50 years ago, no real harm would be done today by excavating the area and thereby permitting the completion of one of the most impressive ancient archaeological complexes in the world.

The city traffic department has calculated that, during busy periods, 2,000 to 2,200 cars per hour ride the avenue in each direction. Much of this traffic could be

rerouted, Mr. Insolera said. He believes that closing the avenue might stimulate the construction of much-needed ring roads around secondary city centers that would ease downtown pressure.

The Roman Forum, open daily until sunset, gets about 1 million visitors a year. To promote its new plan, the city administration decided in February to turn the avenue into a pedestrian mall on Sundays.

The major turnout of people — strolling, skating and biking in the shadow of the Colosseum — has convinced them that there is substantial popular support.

Mr. La Regina first spoke on about the deterioration of Rome's monuments in late 1978, but it was only early in March that a bill allocating \$180 million was passed.

"We will put this money to good use," he said, pointing out that the excavation project is only one part of a vast conservation plan.

"Rome's only real assets are its beauty and history, and to have neglected them for so long was an unpardonable crime."

— SARI GILBERT

## CITY OF LIVING, CITY OF DEAD?

(Continued from Page 7S)

ment official directly responsible to the Ministry of Cultural Endowments and Environment, appears to have the support of a majority of Italian archaeologists and a large number of the country's best-known city planners. It is also backed by most of Italy's major newspapers.

But the plan is fiercely opposed by a small group of classicists, the conservative Rome daily Il Tempo and even a few leftist architects, who say that "it is wrong to take space from the city of the living to give it to a city of the dead" and who feel that government resources would be better spent on urban renewal for Rome's slums.

Veteran classicist Ettore Paratore has criticized the city of Rome for contemplating the "replacement of an important traffic artery with a sleepy museum corner that would be frequented only by foreign tourists and a few archaeology nuts." But supporters of the project believe that it would also bring long-term urban benefits.

Many city planners believe that

the critics have concentrated their attacks on the new outdoor museum by pointing out its effect on transportation. But some go so far as to ask if Rome really needs more ruins. "In principle, it's a good idea, but not now," art historian Federico Zeri said. "It's ab-

surd to think of digging up more ancient relics and creating new archeological sites when we can't even keep in good condition the ones that already exist."

He said, for example, that the Colosseum had become "one big urinal and a nightly hangout for delinquents."

The area known as ancient Rome is a kilometer and a half long and a kilometer wide and includes the Roman and Imperial forums, the Capitoline and Palatine hills, and the Colosseum.

Well-known to tourists and art lovers, the major monuments were built between 46 B.C. and A.D. 112 and originally were parts of an architectural whole, Mr. La Regina said.

Veteran classicist Ettore Paratore has criticized the city of Rome for contemplating the "replacement of an important traffic artery with a sleepy museum corner that would be frequented only by foreign tourists and a few archaeology nuts."

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The Italian Tourist Ticket can be bought from your nearest travel agent, or preferably, at the office of the Italian Tourism Company (C.I.T.).

While you have two months to use your ticket from the date of acquisition, it is best to remember that at the start of your trip, you must check in at a train station where the ticket will be validated with the starting and final days of its usefulness.

Finally, the Italian Tourist Ticket makes it possible to obtain price reductions on various tourist services via your C.I.T. travel agent.

The Italian State Railways operate special trains on all the principal national and international lines, which have extra comfort, speed and safety features. These are called the T.E.E. or Trans Europ Express.

This type of train has the most sophisticated apparatus for the safety and control of the motion of the train.

The rapid T.E.E.'s of the State Railways shorten the distance between nineteen of Italy's most important cities. They have three types of cars: sleeping, dining and saloon; each car has heating and air-conditioning, and each has a special system of individual reading lights.

In addition, on the T.E.E.'s Milan-Rome-Naples lines, "Selticello," "Ambrasino," and "Vesuvius," on the "Freccia della Loggia" telephone service.

On the T.E.E., seats must be reserved and this can be done at State Railway ticket counters or authorized agencies. Reservations can be made from two months to 5 hours before departure at train stations and from two months to 6 hours before departure at travel agencies.

Reserving by telephone is easy too. A computerized network connects all major railroad stations and can reserve your seat in just a few minutes. There is a £1,000 reservation charge with the exception of those holding the Italian Tourist Ticket for whom the reservation service is free.

# ITALY

## FASHION: Pace-Setting Styles Began a Long Time Ago; Today the Industry Affects Almost Everybody

By Daniela Peroff

**R**OME — Four hundred years ago, the stiff ruffled collar appeared in Paris, crossed the Channel and delighted the Scottish rulers of the British Isles, who made it their own as the "Stuart collar." Its creator, Catherine de Medici, the Italian-born queen of France. In the middle of the last century, a headed pearl-drop craze swept the fashion world. Its inspiration: the tears of Italian *grandes dames* weeping for their country to be one.

The Italian influence in world fashion goes back a long way. But whereas in the old days fashion was a game for the elite, in violent contrast with the gray existence of the population, in today's Italy, it affects everybody. Consequently, it is a multimillion-dollar business ranging from clothing to accessories to fabrics to leather. With tourism, it is the only sector of Italy's trade balance that is in the black — a \$7.6-billion surplus against an overall \$18.6-billion trade deficit.

Talent and taste aside, how did Italy get started on the route to a 20th-century fashion that rivals that of Paris?

"Today's success is the result of 30 years of hard work," said Bruno Piatelli, the Roman men's wear designer who recently joined an Italian-U.S. fabric designing venture that will use U.S. cotton and Italian creativity.

### Italian Look

The "Italian look" officially began in 1951, when fashion exporter Giovan Battista Giorgini held the first Italian fashion show in his Renaissance home in Florence. Buyers came from such prestigious stores as Alman's and Bergdorf Goodman of New York, I. Magnin of California and Morgan's of Montreal. They

liked what they saw, and from then on it was all uphill, with Rome and Florence fighting for supremacy as Italy's fashion capital. In 1958, ready-to-wear made a brief appearance in Milan; but it would be another 10 years before people were ready to accept rack haute couture.

Meanwhile, Rome grand hotels and private ateliers wrested high fashion leadership from the Renaissance elegance of Florence's Pitti Palace. The Rome fashion cult of the 1960s sealed the fame of such design stars as Valentino, Russian Princess Irene Galitzine of the Palazzo Pajama, Roberto Capucci, Andre Lang and Pino Lanzetti.

### Picnic Ended in '70s

Their success paralleled the Italian economic boom of the same decade, but the picnic ended in the 1970s, and couture had to shop for other markets. Today, prestigious labels promote anything from fabrics to perfumes to bathroom decorations. One of the latest high-way advertisements in Italy shows a smiling Valentino plugging his latest bathroom tile, complete with the circled "V" trademark. In 1974, the ready-to-wear seed was replanted in Milan by the Missoni knitwear couple, and the world's fashion-conscious set their clothing clocks by the semiannual Milan ready-to-wear showings.

The gotha of Italian ready-to-wear includes several names from couture, but, except for Valentino who snubbed Milan for Paris anyway, the truly successful rack hacks all started as ready-to-wear designers.

### A brief list:

Giorgio Armani: A Milan medical student who turned from scalpel to scissors to become

the No. 1 name. His unlined blazer made him famous, and an Armani suit is now a must on any VIP's shopping list.

**G**ianni Versace: He came from Calabria, where his mother was a seamstress. He industrialized creativity — once he designed simultaneously for at least four companies, including his own. He caters to the less committed woman, with heavy emphasis on elegant sportswear.

**R**oberta da Camerino: Her real name is Giuliana and she works out of her native Venice. Beginning with the "R" decorated bag, she invented a distinctive look in cloth and leather. Her Fifth Avenue shop in New York is always crowded.

**F**endi: Five Roman sisters who went from their mother's leather store to become Italy's most creative furriers. With designing help from Karl Lagerfeld, the Fendis can stitch anything from moleskins to sables into a winter dream. They also run a leather line with the traditional double "F" symbol.

**M**issoni: Lombardines Rita and Taj started with track suits — Taj was an Olympic runner as well as an artist. He hit the big time with his rainbow melange knits — status symbols but also works of art that have been exhibited at the Whitney Museum in New York.

**K**rizia: Former schoolteacher Mariuccia Mandelli is best-known for her fauna print knits, featuring a different animal each year — next season, lions of all shapes and sizes. Nostalgic for her schoolteaching days, she does kiddle couture, too. A last word for trivia fans: Next season, Kizia will again launch pearl-drop beading. And whoever wept the tears that inspired the 1980s version of last century's craze, you can bet it was an Italian.

## Predictions on Economy Are Gloomy

(Continued from Page 7S)

conomist has noted that, by giving a greater boost to unskilled rather than skilled workers, the increases of the *scala mobile* represent a potential time bomb for Italy's industrial relations.

Although in recent months the leaders of the nation's three giant trade union confederations — CGIL, CISL and UIL — have been talking about the need to revise the *scala mobile*, so far none of their tentative proposals has had any teeth.

### Revision Discussed

The is not surprising, seeing how the *scala mobile* has become something of a political sacred cow. Furthermore, although among them the confederations control 82 million workers (of a total of about 20 million), they have been facing an increasingly aggressive challenge from the so-

called autonomous unions, whose wage demands appear to have more appeal for many workers than the confederation's bid for social gains. This, and the fact that major contract negotiations are scheduled for the fall, set the stage for renewed labor militancy rather than conciliation.

### Spending on Rise

A reform of the *scala mobile* was one of the key points mentioned by an International Monetary Fund team that visited Italy in late March. But also high on their list was the problem of excessive public spending. During the last 30 years, the Christian Democratic-led governments have produced a public deficit of \$40 billion.

Increasing the public deficit has become the primary means of resolving social conflict. The deficit's size depends on outlays for failing industry, workers that cannot be dismissed and other indirect forms of welfare. At about 10 percent of

the gross domestic product, it is highly inflationary because it creates demand without a corresponding increase in supply.

Last year, primarily because of "fiscal drag" caused by a rise in tax revenues, the deficit's rate of growth appeared to be decreasing. Since last fall, however, public spending has again been on the rise.

**R**elying on domestic and foreign borrowing, it would involve expenditures of close to \$90 billion during the next three years. There is a risk, however, that the plan, like many others before it, will fall by the wayside.

The Christian Democratic minister of the treasury, Nino An-

dreatta, tends to favor sharp budget cuts. The Republican minister of the budget, Giorgio La Malfa, believes that without Communist and union support it will be impossible to cut current spending, and has worked out a three-year plan that one American economist describes as the "Italian version of supply-side economics."

Basically, Mr. La Malfa's plan calls for government intervention in the economy through investments designed to increase output and thus reduce both inflation and unemployment. The plan would increase the capital-spending share of the deficit from 50 percent to 75 percent while reducing current spending by half.

Another problem is that Italy's two chief economics ministers appear to disagree on remedies for the country's structural ills.

The Christian Democratic min-

ister of the treasury, Nino An-

**R**OME — "We won't book you with Alitalia — you never can tell if they'll take off or not," said a travel agent to a client who this Easter was trying to book a flight in Rome.

Strikes by airline pilots and other personnel during the first four months of the year forced Alitalia to cancel more than 4,400 flights at a loss of 46 billion lire.

Despite this, the company feels that it is able to perform consistently better than many of its competitors.

"Overall, 1980 was not a bad year for us financially," said airline spokesman Vincenzo Roversi. "Despite the fall in tourist traffic, our losses shrank to \$8.8 million compared to \$14.5 million in 1979."

Although this year's air-travel picture is uncertain, Alitalia is moving ahead with plans to triple company capital, double the fleet and add new flights to its world network.

To help raise the capital from \$120 million to \$360 million by 1984, there are plans to place about a quarter of the company shares, at present almost entirely owned by the I.R.I. holding company, on the stock market.

### Planes Ordered

Orders for 20 new Boeings of various sizes, eight Airbus A-300 B-4s and eight DC-10s for international use will significantly enlarge the fleet.

To deal with a decline in tourist traffic — mostly the result of a tight economic situation in Europe — Alitalia and Italy's National Tourist Board, ENIT, have launched a five-continent publicity campaign, featuring a "Visit Italy" show of Italian folklore, food, wine and hospitality.

Most of the routes added this year to the European network have been planned with an eye on tourism: Paris-Palermo, London-Ca-

tan, London-Palermo, Brussels-Venice flights began early this year and despite the frequent strikes have been doing well.

The biweekly Paris-Palermo flights functioned at 64 percent of their capacity in April, even though a week of strikes at Easter cut overall air traffic by 50 percent.

In agreement with other European airlines, Alitalia is keeping promotional excursion fares on most European routes the year round, offering up to a 60-percent reduction on normal fares. Thus a Rome-London excursion round trip now costs \$366. Student and youth fares giving a reduction of 25 percent apply almost all over the network.

### Flights to U.S.

On intercontinental routes, Alitalia competes with other major companies. "We now have four daily flights to the United States in high season," said Mr. Roversi, who added that a special April

May offer of a \$430 round trip to promote the new direct Rome-Chicago flight was a success. Another new intercontinental route this year is Rome-Lagos. And Apex fares have now been applied to flights to Australia, which vary from \$692 one way in low season to \$913 in high season.

Alitalia also runs an individual tourist program, known as "Intermezzo," aimed at business travelers as well as tourists who arrive at Rome airport with time on their hands, or who want a leisurely guided tour of a major Italian city. For an overall price, "Intermezzo" offers airport-city transport for a stay of one to 14 nights in a second-class hotel with bed and breakfast and sightseeing tours. Between January and April, the program attracts 3,500 visitors.

A small but important factor on which Alitalia is counting is punctuality — 75 percent of last year's flights left on time, against 61 percent in 1979.

## Private TV Stations Flourishing in Chaos

**R**OME — In the darkened room, the family of five sat huddled around the large color television set, using a remote-control device to run rapidly through Rome's two dozen channels before deciding on the evening's choice.

The scene, and the ample selection — musical variety shows, cultural programs, debates and an infinite number of U.S. films and television serials — would not be unusual in the United States.

With about 600 private television stations, Italy is the only European country to have, in effect, done away with the traditional state radio and television monopoly.

To all appearances, the proliferation of private television stations has delighted Italian viewers, whose choice until recently was limited to two nationwide state-controlled networks that went off the air at about 11 p.m.

### Court Ruling

Ironically — although not surprisingly in a country where political inaction is a way of life — it is a situation that has come about not by design but by default. In June, 1976, Italy's Constitutional Court shocked officials at Italy's state television, RAI, when it ruled that the national monopoly over the airwaves could not apply to local broadcasts.

Five years later, the government has yet to pass a law regulating the use of frequencies, distributing them, establishing procedures and requirements for issuing broadcasting licenses, and deciding just what kind of range a local station should have.

Two laws prepared during the same period by the Ministry of Post and Telecommunications fell by the wayside because of government crises. Others presented by different political parties were never considered by parliament. And a draft bill under preparation by the postal minister, Michele di Giesi, a Social Democrat, is several months behind schedule.

In the meantime, the 600 private television channels and close to 4,000 radio stations

have simply occupied available frequencies and gone about their business. The result has been a radical change in viewer habits and expectations, and a powerful, multimillion-dollar television advertising industry, both of which have probably become permanent fixtures.

### TV's 'Assassins'

"RAI is threatened with death," wrote journalist Laura Lilli, who skipped over the Italian political system to list as among the state network's "probable assassins" the three Charlie's angels, newspaper editor Lou Grant, the detective of *SWAT*, and Mark, the man from *Adventures* — all television characters.

In fact, after a brief flirtation with strip shows and soft-core pornographic films, the private stations have been relying on films and television serials purchased abroad for about 80 percent of their programs. In the absence of a regulatory law setting an obligatory quota of in-house production, the stations have made a bonfire for the United States, leading some Italians to worry that their country risks being "culturally colonized."

In 1980, more than 80 U.S. television programs, old and new, could be seen on Italian television. By purchasing programs like "Dallas," broadcasting an increasing number of films and gradually pushing back its sign-off time, RAI itself has been making a stab at meeting the competition that has cut deeply into its audience. "But we are a public service network and cannot sacrifice our identity to total escape entertainment," said RAI President Sergio Zavoli.

Mr. Zavoli thinks that the challenge from the private stations will probably prove healthy for RAI, an organization with about 13,000 employees, a history of politically motivated hiring, and three supposedly distinct and independent channels, each with its own political affiliations.

RAI has produced well-known and successful movies like the Taviani brothers' *Padre, Padre!* and Ermanno Olmi's "The Tree of Wooden Clogs," as well as high-quality television epics like "Leonardo da Vinci," "Moses," Franco Zeffirelli's "Jesus" and now "Marco Polo." But many of its programs are paternalistic, didactic and often boring. In this sense, Mr. Zavoli said, the legislative vacuum has been a problem and could stimulate an indiscriminate purchasing race to the detriment of improved in-house production.

According to Prof. Alfredo Valetti of the telecommunications department of the Post and Telecommunications Ministry, the unchecked proliferation of private stations has also caused technical problems and interference with air and sea traffic, satellites, RAI itself — and led to complaints from neighboring countries where state control over the airwaves continues intact.

The failure to act earlier has permitted the development of a chaotic *de facto* situation that will be difficult to reverse. What is more, although the Constitutional Court's decision made it clear that national networks were not to be permitted, at least four of the new broadcast companies have been quietly building consortiums and accumulating affiliates.

Three of these are offshoots of major Italian publishing houses, Rizzoli, Mondadori and Rusconi. Last December, Rizzoli's *Primatec Indipendente* (PIN) began broadcasting a daily news program in four of Italy's 20 regions. Following a protest by the Postal Ministry and RAI, the case was sent to the Constitutional Court and a ruling, expected in June, could represent a watershed.

### Choosing Sources

"What we have done is to ask the court if it is legitimate for TV viewers to be denied the freedom to choose among various sources of news," said Rizzoli's news chief Maurizio Costanzo, a former newspaper editor and RAI talk show host. "If newsstands sell

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# ITALY

## PARMIGIANO:

By John Yates

**PARMIGIANO** — In a daring and well-executed robbery late last year, thieves hijacked a large truck and drove away with its contents. It was the third robbery of the type in as many months, but the loot was not gold, art or precious stones. It was a truckload of cheese.

These bandits with Epicurean tastes knew what they were doing, for this was not ordinary cheese. The trucks contained wheels of mature Parmesan cheese, which, at an average retail price of \$5 a pound, represented a sizable fortune.

In recent years, the price of *parmigiano reggiano* has soared, at one point to a record 13,000 lire a kilogram. So, during the last decade it has become not only a target

for a select number of imaginative thieves, but an investment as well.

From time to time, boarding by would-be price gougers has been a problem for Italians. The nation's wheeler and dealers are well aware that this is an essential domestic commodity.

### Grated Cheese

Although it is said by some to be a mild aphrodisiac, the most important use of Parmesan is, in grated form, as an accompaniment for rice and pasta dishes. It is also added to heavy, minestrone-type soups, and sprinkled on some vegetables and eggs. The rind, edible when heated in an oven until bubbling, is sometimes added to soups during the cooking. But for many connoisseurs, Parmesan is best eaten plain at the end of a meal with a pear or an apple, or even figs or

### Skill and Patience Blended In Champagne of Cheeses

grapes. Some Italian gourmets insist that the best bottle of wine should be saved for the Parmesan.

A grana cheese with a unique taste and fragrance, Parmesan goes back a long way. It was mentioned in Boccaccio's "Decameron," and a 16th-century couplet describes it as "the noble fruit of Parma's milk."

Produced as prescribed by law in a limited geographical area that includes the northern provinces of Parma, Reggio Emilia, Modena, Bologna and Mantua, it is still made today according to a formula that goes back 700 years.

An average wheel of Parmesan weighs about 30 kilograms, and the 1,700 cheese dairies or *caserie* that make up the Parmesan consortium annually turn out about 2 million cheeses.

The Parmesan period is between

April and mid-November, when the grass on which local milk cows graze produces an important enzyme. The finished cheeses are then put aside for maturing. The normal cheeses are called *vecchio* or old, and are aged between 18 and 24 months. The most valued Parmesan is the *stravecchio*, which is matured from 24 to 36 months.

### 2 Milkings

Each batch of cheese is made from two successive milkings. The evening milk that arrives from neighboring farms is poured into small trays to rest through the night. The morning milk is left to rest for only an hour, and after the cream is skimmed off the top, the two batches of milk are poured together into a copper cauldron, to which fermenting whey is added.

The next step is to heat the milk

## Changes Coming in Shoe Industry

**R**OME — Noses pressed against the display window, the three teen-age Italian girls stood in front of the shoe store discussing their forthcoming purchases: identical pairs of fringed, bead-studded leather moccasins advertised as made in the U.S.A. by Ogala Sioux Indians.

An influx of imported shoes — moccasins, sneakers and running shoes from the United States, and low-cost sandals and casual wear from Third World and developing countries — is causing concern to Italian shoe producers already faced with a sharp decline in the domestic market.

This is only one aspect of a severe crisis in the Italian shoe industry. Last year, overall shoe production declined by 12.4 percent, with leather shoes, the bulk of Italian production, dropping by more than 18 percent.

Exports, a mainstay of the industry, dropped even further — 21 percent for leather

shoes and 16 percent for the footwear industry as a whole. Sales to the United States, Italy's second-largest shoe client after West Germany, fell by an unprecedented 48 percent, from 97 million pairs in 1979 to 47 million pairs in 1980, causing grave difficulties for Italy's 8,000 shoe manufacturers.

### Orders Dried Up

"Foreign orders have almost completely dried up," said Paolino Grossi of Minos Shoes in the Tuscan city of Pistoia. Last year, his small, export-oriented firm of 14 employees was forced to suspend production for a month, and the outlook for this year is even worse, he said.

This is not the first time that the Italian shoe industry has been in trouble, said Titti Cappiello, an economist working on a study of the sector. But the present crisis is far worse than a 1973-1975 slowdown "and will

not only force the industry to retrench but compel it to make some significant changes.

Shoe production, a traditional Italian handicraft that in some areas of the country go back to the middle ages, has been a major foreign exchange earner since the 1960s. In 1978, Italy, a country of 56 million people produced almost 6 percent of the world's shoes, making it the third-largest manufacturer after the Soviet Union and China.

In the peak year of 1979, shoe firms located mostly in Tuscany, the Veneto region, Emilia-Romagna and the central areas know as the Marches exported 375 million pairs of shoes. At an average price of \$3.48 lire, the worth about \$10, these sales earned the country about \$3.7 billion, almost a third what it spends for oil imports yearly.

But, during the last two decades much

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## Parliamentary Majority Is No Guarantee

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### Since Aldo Moro's death, the Christian Democrats have lacked a leader.

wrested the premiership from the Christian Democrats for the first time in more than 35 years, a move that could perhaps even be sold to some of the other coalition members as the first tangible sign of a change. But there is little doubt that the Christian Democrats would fight to hold on to the premiership, even by calling an early national vote.

"Scandals rarely erupt spontaneously here," said a Western observer known for his generally balanced views. "When there is a political consensus, the lid is kept tightly on. When there's not, then a scandal is allowed to explode."

### Craxi's Stand

With the political implications of the scandal gradually taking precedence over the moral elements, a variety of theories as to which political groups might have "helped" the scandal to explode circulated in the Italian capital. What seemed certain, however, was the likelihood that Socialist leader Bettino Craxi might use the scandal to try to strengthen his party's position in the coalition.

Mr. Craxi's ultimate goal is to

customarily used as an instrument of political fine-tuning, political instability is not necessarily measured by frequent government changes. The problem is the lack of political consensus that makes governing not only difficult but politically dangerous.

The growing preoccupation with mechanical institutional changes is nevertheless an eloquent sign of a political crisis, a crisis that is likely to deepen as long as major issues like energy and the economy are not dealt with.

The real problem is political: a lack of leadership, a lack of ideas, a lack of realism (in the case of the three small centrist parties, prevented by rivalries from unifying and thus maximizing their political clout), sharp political rivalries and a profound disagreement between and within the coalition parties about what to do about the Communists.

The West's largest Communist party may be itself divided over long-term political strategy, but with 30 percent of the electorate and substantial trade union influence it is still a force to be reckoned with. Furthermore, within

the Italian political system, where government crises are now

both the Christian Democratic and the Socialist parties, there are factions that would prefer an accommodation with the Communists to their own continued collaboration.

A major problem for the Christian Democratic Party is that, since the murder of former Premier Aldo Moro, it has basically been without a leader capable of uniting the party. Political rivalry within the party has reached such intensity in recent years that the only acceptable candidates for the premiership are those, like Mr. Forlani, without their own political base.

Ironically, one reason that new elections may become unavoidable could be the party's inability to come up with a candidate who is acceptable both to the Christian Democrats and to reform-minded coalition partners.

### Unusual Majority

A new element in all this is the cohesion within the Socialist Party that has been shaping around the figure of Mr. Craxi. He came out of his party's recent congress with an unusual majority of 70 percent, which he hopes to parlay into a commanding position in Italian politics. But it is not clear that he can.

Since April, 1980, when he brought his party back into the government after a six-year ab-



Arnaldo Forlani

sence, Mr. Craxi has been busy building alliances, abroad with the European left and at home with the smaller Social Democrats and, less reassuringly, with the erratic Radicals. But he has yet to produce an electoral victory that would back up his claim for political predominance. True, the Italians have a habit of giving major importance to small electoral shifts that elsewhere would not be noticed, but as of now Mr. Craxi has apparently been unable to arouse any new popular enthusiasm.

Of course, he shares this with most of Italy's parties — with the possible exception of the Communists — and because of the P-2 scandal, the situation is not likely to improve.

### Special to the IHT

**R**OME — Italy's Roman Catholic Church, shaken by a decade of radical social and political change that has eroded its once-powerful influence here, must now cope with another defeat.

Last month, 68 percent of Italy's predominantly Roman Catholic voters rejected a church-backed national referendum that called for the repeal of the country's liberal abortion law.

Long before it took place, the referendum had taken on a significance far beyond the issue of legalizing abortion. The law's defenders — which included most of Italy's major political forces, from the Communists to the small conservative parties — said that a repeal of the law would set a precedent that could lead to the abolition of other social measures.

### A Testing Ground

For the church, the abortion issue served as a testing ground. bolstered by Pope John Paul II's popularity and encouraged by his outspoken stand against abortion, the Italian church jumped into the fray with a vigor unseen in recent years.

Leading members of the Italian Episcopal Conference urged the faithful to vote in favor of abolishing legalized abortion. The sponsors of the drive used church doors to display their posters, including those showing clinical pictures of fetuses. In many parishes, anti-abortion pamphlets were distributed after Sunday mass.

The pope chose several occa-

sions to condemn abortion as "murder."

Critics accused the Vatican of meddling in Italy's domestic affairs, which is prohibited by the 1929 Concordat that regulates relations between the two states.

When it came time to vote, the controversy had transformed the referendum into a poll on church-state relations.

### A Secular State

Thus, the outcome was hailed by abortion advocates as proof that Italy has become a truly secular state. In effect, the results confirmed a trend that had been in progress for years, ever since Cardinal

Balestro noted.

### CONTRIBUTORS to this special supplement, besides Sari Gilbert (see first page of section), are:

- Kay Withers, an Australian who reports from Rome for the Chicago Tribune and the Baltimore Sun.
- Deborah Lurie, an American, the Rome correspondent for the Toronto Globe and Mail and for National Public Radio in Washington.
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- Janet Stobart, a Briton, who works for the Rome Newsweek bureau and has done free-lance work for a variety of publications.
- Daniela Petroff, an American, who covers fashion for the Associated Press.

## A Stormy Relationship

(Continued from Page 75)

intervention in Poland increased, the party warned that such an "intolerable" move would lead to "inevitable consequences." This provoked Moscow to accuse the Italian party of "backing those forces in Poland that have unleashed a real offensive against Socialism."

When Giancarlo Pajetta, the party's "foreign minister," represented party leader Enrico Berlinguer at the Soviet party congress in Moscow last February, the Russians did not allow him to address the congress proper but forced him to deliver his speech in the subsidiary Hall of Columns. Pravda did not reprint the speech, with its criticism of Soviet policy in Afghanistan and Poland, until after the Italian delegation's protest.

Poland was just the latest episode in a decade of differences. The Italian party sharply condemned the 1968 invasion of Czechoslovakia, disagreed over policy toward China and criticized Soviet treatment of dissidents like physicist Andrei Sakharov. There

were clashes over European institutions, in which the Italian Communists take an active interest, and over European disarmament, which the party says ought to include a pullback of Soviet SS-20 missiles.

Despite Poland, Afghanistan and the "Pajetta case," however, the Italian party has sought to minimize signs of friction. Explaining a recent visit by a Soviet party delegation, Mr. Pajetta said, "We believe there can be normal relations even when there are differences."

Domestic needs account partly for this diplomacy. The hard-line policy that the Italian party has been following at home since its decisive alliance with the ruling Christian Democrats collapsed early in 1979, makes party unity a top priority. And for Italian Communists, the Soviet Union is still a divisive, hot issue.

A recent poll for the leftist magazine Espresso found that only 6 percent of the 400 Communists quizzed nationwide believed the

Soviet Union to be a model of successful Socialism, and saw the situation through Soviet eyes attempted "counterrevolution." On the other hand, half of those polled believed that there was a genuine popular movement in Poland, though 40.7 percent said a strong social tension there was fomented by the West.

Again, 16.5 percent thought the Soviet Union had "saved a revolution in Afghanistan" from intrigues of the CIA and China. But 27.5 percent considered the intervention in Afghanistan an imperial aggression.

Significantly, however, only 0.7 percent of the Italian party should be with the Soviet Union if the Russians invaded Poland.

Italian Communist leaders claimed almost total support within the party for their maverick foreign policy, although Communist historian Giuseppe Boffa admits "some malaise ... in moments of tension."

—SARI GILBERT

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# ITALY

## Earthquake Victims Fear 'Permanent Disaster Area' Status

**SOLOFRA** — Once a thriving commercial center in Italy's troubled south, Solofra today has the bizarre aspect of a Hollywood set caught between two films.

The remains of buildings ripped apart by last November's earthquake await demolition. But new prefabricated shops and offices stand on dirt lots among the ruins, and the shattered historic center has come to resemble a bustling frontier town.

"Sure, people are working again, but there's no sign of reconstruction yet," said Luigi Palumbo, a 62-year-old barber who operates out of a wood-paneled hut. But Solofra is significantly better off than most of the poor farming towns and villages in the devastated area.

Nearly seven months have passed since Europe's deadliest earthquake in 65 years jolted the southern regions of Campania and Basilicata, leaving at least 3,000 dead and 300,000 homeless.

### Still Waiting

After a bitterly cold and snowy winter spent in tents and trailers, survivors are still waiting for the temporary prefabricated houses promised by the government. The basic needs of food, clothing and shelter have been met, largely through donations from northern cities, private aid organizations and foreign countries, but officials must confront the tougher challenge of reconstruction. "Providing immediate aid was easy compared to what we face now," said a spokesman for the government's special relief commission.

The task of rebuilding scores of destroyed towns in this mountainous zone will be further complicated by the need to tackle stubborn economic and social problems that predate the earthquake.

Italy's south has an unemployment rate double that of the north. Despite years of government programs aimed at boosting the local economy, the

area's per capita income remains almost half the national average. Since 1950, more than 3 million people have left the south, mostly young men who were forced to emigrate to northern Italy or other countries in search of work. State subsidies in recent decades have done little more than feed a local patronage system that has created a biased and incompetent public administration.

Some complain that it took an earthquake to focus more concern on these traditional problems. But, while some optimists believe that reconstruction will offer a golden opportunity to revive the south, most observers seem skeptical about the prospects for change.

Although the government allocated \$1.2 billion for emergency relief and housing aid, local authorities claim that the sum has proved insufficient for the 12,500 square miles hit by the earthquake. About 100,000 people are housed in trailers and metal containers, while another 21,000 have moved into seaside hotels at government expense. Another estimated 50,000 survivors have joined relatives abroad or in northern cities. But many of the refugees have begun to return to their villages, and by the beginning of summer the hotel occupants will be pushed out by tourists.

Adequate housing and sanitary conditions have thus become an urgent concern. "The winter was very hard, but at least there were no epidemics. Now we're worried that the warm weather will bring new health problems," said Lorenzo Rubinetto, the mayor of Pescara Paganico, a hilltop village in the province of Avellino.

Like most of the other stricken communities, Pescara Paganico today seems little more than an extended trailer camp. The old center is a pile of rubble, with much of the debris waiting to be carted away. Trailers are parked along the roadside and on

unpaved lots a few kilometers from the town's center.

Of the 506 towns damaged by the earthquake, 36 were destroyed. The onset of spring has raised local spirits, and most people seem determined to get on with their lives. But the homeless are seeking guarantees that their communities will be rebuilt.

In San' Angela dei Lombardi — one of the worst hit towns — the administration operates out of makeshift offices in the center, despite the desolate ruins all around. "We're determined to rebuild our town exactly where it was before," Planning Commissioner Gregorio Grassi said.

### Natural Skepticism

The attachment to the land was reflected in the widespread refusal of homeless families to accept temporary evacuation. But the decision to remain was also motivated by a natural skepticism — many people seem convinced that their presence in the towns is the only effective means of pressuring the government into action.

Italy plans to spend \$8.5 billion in reconstruction during the next three years, some of which will come from a 5-percent "earthquake tax." But it took parliament six months to push through an emergency decree allocating these funds. Most observers fear that the government's ambitious development project will be bogged down by bureaucracy, conflicting local interests and general disorganization.

Experts have begun geological and seismic studies to determine the safest areas for construction, but officials are already bickering over how much money and what kind of housing each town should get, and local authorities expect further problems when they have to expropriate land for construction.

The area's inhabitants firmly oppose proposals to

rehouse earthquake victims in new towns a few miles away from the disaster zone. "Each village has its own cultural and historic traditions, and it's impossible to think of grouping them all together," Mayor Rubinetto said. "What sense does reconstruction have if it means destroying the identity of a town and its people?"

But relief officials believe that the most crucial task is to assure the area's economic survival. The earthquake caused billions of dollars in damage to the zone's floundering industry and worsened the problems of an already unprofitable agriculture. Local authorities worry that, unless commercial activity is revived soon, more people will be forced to leave.

### I Have No Faith'

"Now there's demolition and repair work to do, but once this is done what job will I find here?" said 19-year-old Cesare Gasparini, who plans to leave Pescara Paganico for a job in the north. "I'd like to stay in my town, but I have no faith that things will get better."

In fact, the record is not good. More than 12 years after a major earthquake struck the Sicilian valley of Belice, 35,000 people still live in wood and tin shacks. The northern Friuli region has fared better since an earthquake in 1976, but despite the combined benefits of more effective aid and a local tradition of self-reliance, reconstruction is only half completed.

In Campania and Basilicata, survivors worry that their plight will soon be forgotten. One discouraging sign is that the local highway authorities recently put up green and white road markers that direct motorists to the "earthquake zone."

"The worst risk," a local mayor said, "is that we will become a permanent disaster area — a new Pompeii for tourists to visit."

— THEODORA LURIE



An Italian house-painter takes a lunch break in the sun. — Charles Dorsey

## Pressure to Curb Strikes

(Continued from Page 7S)

which have broken with the confederations over the latter's willingness in recent years to partially cooperate with attempts to reduce inflation by limiting salary requests.

The UIL, the smallest of the three confederations and which is Social Democratic and Republican in outlook, has proposed inserting self-regulation clauses into future labor contracts. But the two other unions, the leftist CGIL and the Christian Socialist CSIL, have yet to agree.

In 1979, 158 million work hours were lost to strikes. Twenty-one million of these involved civil servants and 8 million the transport sector. In 1980 there was a drop in hours lost, but economists say that 1981 will probably be a record year for strikes affecting public service.

According to a survey taken in March by the Eursko Institute in Milan, almost 80 percent of the 5,000 Italians questioned favored some form of strike regulation.

— SARI GILBERT

## Fiat Is Seen Holding Its Ground in the Auto Industry Despite a Sluggish Market

By Robert Wazcka

**R**OME — Fiat is trying hard, with some success, to fight its way upstream in a rapidly plunging European car market.

The year 1980 was a decisive one for the world's eighth-largest automaker. "We are taking a step backward," Umberto Agnelli said last July 31 when he resigned as managing director of Fiat S.p.A., "in order to make a leap forward."

What he meant by "a step backward" became clear last September, when Fiat auto announced its intention to lay off 24,000 workers and to dismiss 14,000 more. FLM, the metal workers' union, responded with a 38-day strike that was broken on Oct. 14 by a now almost-legendary march of 40,000 workers through the streets of Turin demanding the right to return to work. Three days later, an agreement was signed allowing Fiat to proceed with the layoffs, in some cases for as long as 34 months, and — eventually — to go ahead with the dismissals.

It was Fiat's first real victory over the unions for more than a decade. Many felt it was also the beginning of the end of the unions' virtual stranglehold over Italian economic policy. For Fiat, it established an important precedent: the right to reduce the work force in times of declining car sales.

Nevertheless, Fiat's bottom line in 1980 was unimpressive. Only 1.28 million cars were produced, and 80,000 of these are still unsold. Fiat auto, with sales of \$10.1 billion, lost \$116 million. The strike contributed to the loss, of course, as did rising oil prices and a slumping world auto market. Fiat S.p.A. showed a modest overall profit.

Underlying these figures, however, are some distinctly positive signs that would give some weight to Umberto Agnelli's claim that the company is about to make "a leap forward." Fiat's share of the domestic car market, for example, which was as high as 75 percent in the 1960s but which dropped to about 50 percent in 1979, rose to

51.7 percent in 1980 and is running well above 53 percent for the first four months of 1981.

In Europe as a whole, Fiat's market share increased from 11.5 percent in 1979 to 12.8 percent in 1980 and more gains have been made since January, particularly in France, West Germany and Switzerland, according to company spokesmen.

### Market Share

The European market is down by 10 percent to 15 percent overall, but Fiat is getting a larger portion of the dwindling sales even if its sales, in absolute terms, are declining. The Italian car market, by contrast, jumped 10 percent in April after gains in January and February and a 5-percent drop in March.

One reason for the improved market-share performance is a 10-percent rise in worker productivity in 1980 over 1979. "We have rediscovered the work ethic," Fiat chief Giovanni Agnelli said in January. Another reason is that, following

the layoffs, absenteeism has dropped to 5 percent from the former 15-percent level. Violence and wildcat strikes, which the company says were responsible for a 12-percent drop in production in 1979, also have at least temporarily stopped.

Italian sales have been boosted, in part, because the company has limited price increases to about 11 percent, half the current Italian inflation rate. Finally, Fiat has been enjoying great success with new models, particularly the Ritmo, introduced in 1978, and the Panda, unveiled in 1980.

Waiting in the wings are the Lancia Delta and the Fiat Model 1.

### External Problems

Although Fiat may have solved certain internal problems, it is still worried about external ones. Foremost is competition from the Japanese, who are making strong inroads into the European market.

In September, Nissan signed an unprecedented agreement with

state-owned Alfa Romeo to manufacture 50,000 to 60,000 cars annually, with Alfa engines and Nissan bodies. Fiat campaigned hard to defeat the deal, which needed government approval and lost. Japan, Fiat feels, now has a large foot in the door to Italy's car market.

In the United States, where 1980 Fiat sales plummeted 37 percent from \$59,000 to \$37,000, the company, out of necessity, has begun emphasizing more sophisticated models, including sports cars.

Another problem area is South America, where Fiat is making a big effort. Fiat lost \$200 million in 1980, but a company source says these losses were an inevitable part of its efforts to rationalize and restructure production.

In Argentina, where Fiat has a joint venture with Peugeot, the two companies share 27 percent of the market and rank first in this category. In Brazil, where it has a joint venture with a Brazilian automaker, Fiat claims 14 percent of the market.

\$569 million were issued in December. More than \$1 billion is anticipated from government funds set aside for investment in troubled industries.

The company will also finance about 15 percent of its needs from outside sources such as banks. It recently announced a proposed program under which about 15,000 employees, including directors, middle-management personnel and foremen could each purchase up to 3,000 shares of Fiat stock at about 40 percent below market value.

If implemented, the program could raise more than \$50 million in capital. Although commonplace in the United States and West Germany, such an arrangement is relatively new to Italy and was received coolly by the unions, which feel that it will split their ranks between specialized and unskilled workers.

Fiat has already increased its participation in joint ventures. In line with other European automakers,

it feels that they are a good way of helping to beat back the Japanese threat. In April of last year, Fiat signed a long-term research agreement with British Leyland, Peugeot-Citroen-Talbot, Renault, Volkswagen and Volvo. In September, it announced a \$400-million accord with Peugeot to produce 1 million car engines annually by 1985. In the works is yet another joint-production agreement, this time between Fiat and owned Lancia and Saab.

An important part of the five-year plan is the company's intention to lay off or even fire workers as the need arises. This get-tough policy is a change from Fiat's conciliatory attitude toward the unions during the 1970s. On May 1, it was announced that Fiat would lay off 68,000 workers for two weeks during June and July. This is a more severe cutback than a similar move in 1980, when 78,000 of the 114,000 workers in Fiat auto were put on a four-day work week for a short time.

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Endowment fund: Lit. 150 billion - Own financial funds: Lit. 551.1 billion

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## Balance sheet as at 31st December 1980

**Own financial funds: Lit. 457.8 billion**  
(of which Lit. 56.7 to the endowment fund)

with an increase of about Lit. 50 billion compared with 1979

**Deposits by third parties: Lit. 2,503.1 billion**  
with an increase of 492.8 billion compared with 1979

**Loans and credits: Lit. 2,720.9 billion**  
with an increase of Lit. 589.1 billion compared with 1979

**Net profit: Lit. 13.2 billion**  
with an increase of Lit. 1.1 billion compared with 1979

## Balance sheet as at 29th April 1981

(after the deliberation adopted by the extraordinary general meeting)

**Own financial funds: Lit. 551.1 billion**  
of which Lit. 150 billion to the endowment fund



Registered Office and Head Office: Rome (Italy)

## BANCA NAZIONALE DELL'AGRICOLTURA

MEETING HELD ON THE 30th OF APRIL, 1981

The shareholders of Banca Nazionale dell'Agricoltura in Annual General Meeting have approved the accounts for the financial year 1980 which show a net profit of Lit. 24.3 billion, and the distribution of a dividend of Lit. 175 for every Lit. 500 share held, payable from the 5th May 1981.

Total deposits (including Lire and foreign currency accounts maintained by other banks) reached Lit. 11,713 billion, representing an increase of 26.2% compared with 1979.

Loans to customers totalling Lit. 3,797 billion (an increase of 7.7%) were apportioned as follows: 92.9% to the private business sector, 5.4% to the family sector and 1.7% to the public sector.

The Annual General Meeting also approved the increase of the Bank's share capital from Lit. 48 billion to Lit. 72 billion by means of the issuance of preferred shares, each for a nominal value of Lit. 500, entitling the holder to a dividend of up to 10%, to the return of capital subscribed in the event of liquidation of the company and to voting rights regarding resolutions envisaged by Art. 2365 of the Italian Civil Code; shareholders have the option of acquiring one new share at par for every two old shares possessed.

G. Ennio Barillà has been appointed Honorary Chairman in acknowledgement of his long service to the Bank. Giovanni Auletta Armenise's appointment as Executive Chairman has been confirmed. Enrico Bassi and Goffredo Gambarara have been appointed Deputy Chairmen, Ulpiano Quaranta and Federico Pepe Managing Directors.

## BALANCE SHEET HIGHLIGHTS

**TOTAL DEPOSITS**  
**L. 11.713 billion**

**LOANS TO CUSTOMERS**  
**L. 3.797 billion**

**NET WORTH**  
**L. 278 billion**

**NET PROFIT**  
**L. 24.3 billion**

## Italians Titlists in Title-Taking

By Kay Withers

**R**OME — A consul in Palermo, so an old story goes, once witnessed an elderly Sicilian peasant's signature on a power of attorney. The illiterate man gripped the pen firmly. "X," he wrote carefully. And then, again, "X." Puzzled, the consul asked him, "Why two X's?" "It's obvious," the surprised peasant retorted. "The second X is my name — and the first is *dottore!*"

As the anecdote shows, Italians love titles. Academic titles. Noble titles. Merit titles. And their enthusiasm shows no sign of waning. "It's a fallacy that they don't care anymore," said a spokesman for the Order of Merit of the Italian Republic, which evaluates applicants for the honorific titles that Italy bestows each year. "This is a country where every parking attendant calls himself *dottore* — or, if he's over 40, *commendatore*."

There are academic titles like *dottore*, *professore* or *avvocato*, officially used by university graduates, teachers or lawyers, and unofficially adopted by just about everybody, especially, these days, the unemployed.

There are noble titles like *principe*, *conte* or *duca* still worn by former princes, counts and dukes despite the fact that they have not been recognized as titles since the creation of the Italian republic in 1946. Even some untitled citizens hanker after high society handles: The late Neapolitan comic Toto devoted years of his life and billions of his lire to an attempt to prove his right to the title of Prince Antonio. And top civil servants, ministers and undersecretaries rejoice in the appellation of *eccellenza*, a post-Fascism ban notwithstanding.

Finally, there are merit titles, about 17,840 conferred each year by the president, the premier's office or government ministries. President Sandro Pertini leaves a trail of these titles whenever he goes abroad. King Juan Carlos of Spain, Queen Margrethe of Denmark, Egyptian President Anwar Sadat, Portuguese President António Ramalho Eanes, Greek President Constantine Caranavas and innumerable others are Knights of the Great Cord, the top honor Italy has to offer.

A few Alitalia pilots are something a few notches down the totem pole, like Officer, Commander or just plain Knight. At home, Mr.



Wintery scene: St. Mark's Square in Venice under a coat of snow.

## Changes Seen Coming in Shoe Industry

(Continued from Page 16S)

The Italian industry's success was based on its ability to provide quality products at very low, competitive costs. This situation no longer exists. Shoe manufacturing is a highly labor-intensive industry and, with Italian labor costs rising, manufacturers are being forced out of the market.

The crisis in part reflects some very specific circumstances. In 1979, for example, almost one-third of the nearly 100 million pairs of shoes exported to the United States were "candy shoes," women's high-heeled wooden clogs with colorful plastic strips across the front of the foot that have since gone out of style.

And overall changes in fashion — many of today's Western youths prefer running shoes and other casual wear to the classic shoes that made Italian shoemakers famous — have also hurt many Italian manufacturers. "Look at the kids going by on the street and you'll see most are wearing sneakers," said a Tuscan manufacturer whose \$40 leather loafers are no longer selling.

But in general Italian production costs have become too high to compete with the

low-priced shoes produced not only by European countries like Greece and Spain but, increasingly, by Brazil, India, South Korea, Hong Kong and China.

By the end of 1980, for example, labor costs in much of the Italian shoe industry (sweatshop wages still exist in some parts of the country) had risen to \$8.50 an hour. Costs in the large tanning industry have also soared and, although this year market conditions have improved, in recent years the price of imported goat, sheep and cattle hides had also escalated, in some cases by as much as 280 percent.

Officials at Anci, the Italian shoe manufacturers' association, believe that one problem is the nonreciprocal system of generalized preferences that the European Economic Community gives to developing countries, allowing shoe imports to Europe from some nations to increase in recent years by as much as 90 percent.

Import restrictions — for the most part quotas imposed in recent years by countries like Argentina, Japan and Canada that are eager to protect their own shoe manufacturers — have also been troubling.

The main problem, however, is that of adjusting to current cost and market condi-

tions, the immediate effect of which, experts say, will be a reduction of the number of firms and, during the next five years, a cut back of about 20 percent in the sector's 135,000 employees.

Then, according to economists in Italy, the companies that remain will have to concentrate on high-quality production. "Since Italy can no longer compete profitably in the field of low-cost casual wear, manufacturers here ought to focus on producing shoe wear that requires the one thing they do have, high-level technical expertise," Florentine shoe manufacturer Harry Ferragamo said.

His internationally known firm exports 80 percent of its annual production of 500,000 pairs to the United States and is one of the high-quality shoe companies that are untouched by the current crisis.

Mr. Ferragamo says one problem is that in recent years many Italian shoe manufacturers have sacrificed fit to appearance — a losing combination, he says, in an era when most people value comfort. "They've got the craftsmanship, the know-how and the experience. Used correctly, whatever the going fashion, they hopefully will assure Italy a permanent slice of the market."

— SARI GILBERT

Pertini has conferred the title of Grand Officer on Olympic sprinter Pietro Mennea, that of Commander on high-jump gold medalist Sara Simeoni. Other contributors to the country's prestige have been similarly rewarded.

The president can give out honors in whatever quantity he chooses and however he wants. No one would dream of tying his hands with boring bureaucracy. Not so the premier or the government ministers, who might put forward some of the thousands of names proposed each year by village mayors, parish priests, employers — or even, as often as not, by the interested parties themselves. These candidates must meet set requirements. They must be over 35, have no police record and — a relatively new development in these hard times — pay their taxes. The Order of Merit of the Italian

Republic, in its little office near the Pantheon, sifts through the applications.

What's in a title, since so many appear to want one? "Nothing concrete," the Order's spokesman said. "Only if a man's in the civil service or the army is it an advantage. All other things being equal, he gets priority in promotion."

Nevertheless, the *bella figura* is considerable, even if most title-holders pretend to make light of it. A man will order an elaborate visiting card: "Gr. Uff. Cav. Lav. Prof. Conte Giuseppe Blo' Degli Oberti." In other words: Grand Officer, Knight of Labor, Prof. Count Giuseppe Blo' of the old and noble Oberti line. Then he slashes his pen through everything except Giuseppe. "Let's not bother with all those titles," is the clear message to the impressed recipient. "Just call me Joe."

## Private TV Stations

(Continued from Page 9S)

a variety of papers, why should state television have a monopoly on national news broadcasts?

The extent of some of the private television stations' influence became clear last December when Channel 5, a new private consortium run by Milan construction mogul Silvio Berlusconi first outbid RAI for the transmission rights to the Gold Cup soccer championships in Uruguay and then, after ceding the nationwide rights back to RAI, won pre-

ceding authorization to use a government satellite to transmit the games live in the Lombardy region.

Rizzoli has now asked for permission to use the satellite to receive news clips from UPI-TV, with which it recently signed an accord. Mr. Berlusconi, whose network of 26 stations expects advertising revenue this year to double to about \$27 million, is trying to persuade Italy's soccer leagues to break their contract and sell him the television rights to the Sunday games.

According to Giorgio Bogi, a Republican member of Parliament who is undersecretary at the Ministry of Post and Telecommunications, it is impossible to turn back. In the future, Italy will have a mixed system in which RAI, which is controlled by the parliament, and the market-oriented private stations will play two distinct roles.

— SARI GILBERT

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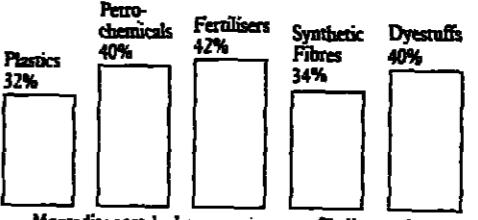
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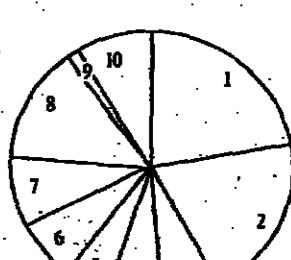
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## The Great Race For a Small Jet

### Airbus Seeks Backing in 150-Seater Challenge...

By Paul Lewis

New York Times Service

**TOULOUSE, France** — In the next few months, West European governments must decide whether to invest about \$1.5 billion in a battle with the U.S. aircraft industry to fill what is called "the hole in the sky" — an expected \$50-billion demand for a new and smaller fuel-efficient airliner.

Airlines say that by about 1987 they will need new 150-seat aircraft to replace their aging fleets of fuel-thirsty DC-9s and Boeing 727s as well as similar but less successful European-built aircraft such as the French Caravelle and the British Trident and BAC-111.

Throughout the world, the growth of feeder routes and domestic traffic is forcing airlines toward smaller aircraft. Rising fuel costs are also encouraging aircraft builders to make their planes more economical.

Among big airlines, Delta, United, TWA, World, American, Eastern and Air France have said they are interested in such a plane. The industry believes total orders worldwide could reach 2,000 by the end of the 1980s.

The chances are that Europe will decide to enter the race to fill this hole in airline fleets, offering a slimmed-down version of the European Airbus, which is assembled in Toulouse. The decision will be a momentous one for the companies and governments concerned — the Airbus is a joint product of Britain, France, West Germany and Spain — with the long-term future of the whole Airbus project at stake.

Airbus Industrie, the consortium that builds and markets the Airbus, wants the go-ahead by the end of the year so that it can have its planes ready by 1987 and not fall behind its rivals.

Competition is already heating up in the race to produce a new 150-seater. Boeing plans to offer a new 150-seater, possibly developed in cooperation with Japan. Earlier this month, McDonnell Douglas said it was teaming with Fokker, the Dutch aircraft company, to design another entrant.

Delta Air Lines announced in February that it would spend \$1 billion on such a plane and said it hoped that Airbus, Boeing and McDonnell Douglas would compete for the orders.

Those in Europe who favor building a 150-seater Airbus argue that this is the logical next step for Europe to take if it wants to remain in the aircraft industry and

further enlarge its share of the world market.

"Airbus has put Europe back in the civil aviation business," said Bernard Lathiere, the former French civil servant who runs Airbus Industrie. "Europe wants to stay in that business, so we have to keep moving."

#### Monopoly Breaker

Since it first flew in 1972, the Airbus has succeeded in breaking the United States' near-monopoly on the civil aircraft market, grabbing 50 percent of all sales of wide-bodied, short-haul jets and about 15 percent of the total market for civil passenger planes. With a new 150-seater, Mr. Lathiere hopes Europe could raise its share of the world civil aircraft market to close to 30 percent.

France seems keenest on the idea. And Aerospatiale, the state-owned aircraft company, which has a 37.9-percent stake in Airbus Industrie and is run by President Francois Mitterrand's brother, should have no trouble getting its share of the development costs.

But West Germany, beset by financial pressures, is uncertain

whether to lend more money to its consortium member, Messerschmitt-Bölkow-Blohm, which also has a 37.9-percent stake in Airbus. It is also unclear whether Britain will help British Aerospace, which has a 20-percent stake, or whether Spain will come to the aid of its member, CASA, with a 4.2-percent interest.

So Airbus Industrie is looking for possible new partners to help it build the A-320, as the 150-seater is designated. Mr. Lathiere said he is talking with McDonnell Douglas, Fokker, Japanese aircraft companies and Saab in Sweden, though nothing has been decided yet. "I am talking to everyone," he said.

A battle is shaping up over providing an engine for the A-320. General Electric, in partnership with SNECMA, the French engine maker, has a suitable engine, called the CFM-56. Rolls-Royce, in partnership with Japanese interests, has the Rolls-Royce-Japanes FR-500. Pratt & Whitney plans to develop a new engine, the PW-2025.

The 150-seater is one of three projects under study by Airbus

Industrie for enlarging its family of planes, which now consists of the A-300 and the slightly smaller A-310. Mr. Lathiere also has plans for building a 350-seater "stretched" Airbus and a four-engined, long-range one.

But he said that the project to build a 150-seater is much more "topical" and in seeking to push ahead with it, Airbus Industrie is betting it can show the world that the success it is enjoying with the A-300 and the A-310 is no flash in the pan.

So far, 40 airlines have ordered 469 of Airbus Industrie's plump Airbuses. Mr. Lathiere reckons that these airlines' future needs alone will swell his order book to at least 850, making total sales of 1,000 possible.

Airbus is by far the most successful passenger jet ever built in Europe, with sales already well in excess of the Caravelle, the British VC-10 and BAC-111 or the British-French Concorde. Eventually it may also become the first profitable one, too.

To launch the Airbus, participating governments advanced about \$1.5 billion, which is being repaid by a sliding levy on each aircraft sold. By 1984, when Mr. Lathiere hopes the 360th Airbus will have been delivered, the government start-up aid should all have been repaid. After 800 deliveries, the four companies will have recovered the \$500 million they advanced in development costs. Sales over 800 will start to show a profit.

#### More Jobs

One reason to keep the Airbus program alive is jobs. The total work force engaged on Airbus has grown to 20,000 from 17,000 since the program began and is expected to increase further.

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## The multinational bank for international finance.

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B-1170 Bruxelles  
tel. 6604900 tlx 23846

### CECA 8 3/4% 1975-1982 EMPRUNT DE \$US 50,000,000.-

AVIS AUX PORTEURS D'OBLIGATIONS DE L'EMPRUNT 8.75% 1975-1982 DE \$US 50,000,000. ÉMIS PAR LA COMMUNAUTÉ EUROPÉENNE DU CHARBON ET DE L'ACIER

LA COMMISSION DES COMMUNAUTÉS EUROPÉENNES INFORME LES PORTEURS D'OBLIGATIONS DE L'EMPRUNT CI-DESSUS MENTIONNÉE QUE L'AMORTISSEMENT AU 1<sup>er</sup> JUILLET 1981 PORTANT SUR \$US 50,000,000. SERA EFFECTUÉ PAR IMPUTATION DE TITRES RACHETÉS EN BOURSE ET QUE, PAR CONSÉQUENT, AUCUN TIRAGE AU SORT N'AURA LIEU. MONTANT RESTANT EN CIRCULATION AU 1.7.81: \$US 38,000,000.

TITRES NON ENCORE PRÉSENTÉS À REMBOURSEMENT: ÉCHÉANCE AU 1.7.88: N° 8781 à 8783.

### LA REDOUTE À ROUBAIX

Corporation organized under French Law (Société Anonyme)  
Capital: French francs 40,000,000  
Registered Head Office: 57, rue de Blanchemalle, 59100 ROUBAIX (France)  
Trade Register: R.C.S. ROUBAIX B 475 682 522

### EXTRAORDINARY GENERAL MEETING OF THE NOTEHOLDERS 14 3/4% 1980-1985

#### FIRST NOTICE

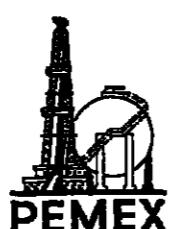
The holders of international notes 14 3/4% 1980-1985 issued by LA REDOUTE À ROUBAIX are convened to an Extraordinary General Meeting to be held at 57, Rue de Blanchemalle, ROUBAIX (France), on June 18, 1981 at 11.30 a.m. in order to consider the following agenda:

- Communication of the board of Directors relating to:
  - 1. Partial assets of LA REDOUTE À ROUBAIX transferred to three of its subsidiaries;
  - 2. Amendments of the articles of association including namely the transfer of the head office, the alteration of the name and activity of the company as well as the change of the company into a "Société Anonyme" governed by the articles 118 to 150 of the French law of July 24, 1966 relating to Commercial Companies;
  - Approval of the proposal for the partial transfer of assets;
  - Approval of the proposal of the alteration of the Company's activity
  - Decision on the method of recording the documents of the General meeting
  - Powers to be conferred for the execution of the required formalities.

To permit the noteholders to attend or to be represented at this meeting, the notes or their deposit receipts, must be deposited at least five days before the date fixed for the meeting, at the offices of the banks having participated in the placing of these notes and from whom proxies or admission cards can be requested. This meeting shall be validly held if the holders of fifty per cent of the outstanding notes are present in person or represented.

THE BOARD OF DIRECTORS.

All these Notes have been sold. This announcement appears as a matter of record only.



### Petróleos Mexicanos

a decentralized Public Agency of the United Mexican States

### 125,000,000 United States Dollars Floating Rate Notes due 1988/1991

- |                                   |   |
|-----------------------------------|---|
| Manufacturers Hanover Limited     | • Crédit Commercial de France           |
| Algemene Bank Nederland N.V.      | • Bank of America International Limited |
| Banque Bruxelles Lambert S.A.     | • County Bank Limited                   |
| Credit Lyonnais                   | • Daiwa Europe Limited                  |
| IBJ International Limited         | • International Mexican Bank Limited    |
| Kredietbank International Group   | • Lloyds Bank International Limited     |
| Merrill Lynch International & Co. | • Société Générale                      |
| Société Générale de Banque S.A.   |   |

Alchim Bank of Kuwait (K.S.C.) • A.E.Ames & Co. Limited • Arab Bank Investment Company Limited • Baoste Hidsey Stuart Shields Incorporated  
Banco del Gottmio • Banco Urquiza Hispano Americano Limited • Bank Julius Baer International Limited • Bank Max Fischer ECV  
Bank für Gemeinschaftsbanken AG • Bank Gutzeit Kutz, Bremen (Overseas) Limited • Bank Leib International Ltd.  
Bank Mees & Hope NV • Bank of Tokyo International Limited • Bankers Trust International Limited • Banque Européenne de Tokyo  
Banque Privée du Commerce Extérieur • Banque Générale du Luxembourg S.A. • Banque Internationale à Luxembourg S.A.  
Banque de Nettuno, Schlesberg, Möller • Banque de Paris et des Pays-Bas • Banque Privée de Gestion Financière T.P.G.F. • Banque Worms  
Banking Brothers & Co., Limited • Bayerische Hypotheken- und Wechsel-Bank • Bayerische Landesbank Giessen • Berenberg Bank  
Caisse des Dépôts et Consignations • Chase Manhattan Limited • Chemical Bank International Group • Christiania Bank og Kreditkasse  
CIBC Limited • Citicorp International Group • Continental Illinois Limited • Crédit Commercial de France (Suisse) S.A.  
Credit Industrial d'Alcoa et de Lorraine • Credit Industriel et Commercial • Crédit du Nord • Credit Suisse First Boston Limited  
Creditanstalt-Bankverein • Deutche Kreditanstalt N.V. • Richard Dom & Co. Bankers • DG Bank Deutsche Genossenschaftsbank  
European Banking Company Limited • Fuji International Finance Limited • Genossenschaftliche Zentralbank AG Vienna • Antony Gibbs Holdings Ltd.  
Genossenschaftsbank der österreichischen Sparkassen Aktiengesellschaft • Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)  
Kredietbank International Limited • Manufactures Hanover Asia, Limited • Kuwait Investment Company (S.A.K.) • Lazard Frères & Cie  
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Morgan Stanley International • National Bank of Abu Dhabi • The Nikko Securities Co. (Europe) Ltd. • Nippon Credit International (HK) Ltd.  
Nippon Komo Keikumara (Europe) Limited • Nomura International Limited • Nondutsche Landesbank Giessen  
Paxton, Halden & Paxton NV • Privebanken Aktiengesellschaft • Rotterbank Nederland • Rothschild Bank AG  
The Royal Bank of Canada (London) Limited • Salomon Brothers International • Schwab Bank (Underwriters) Limited • Schoeller & Co.  
Smith Barney, Harris Upham & Co. Incorporated • Société Générale de Banque • Sparkassenbank Bonn • Svenska Handelsbanken  
Swiss Corporation International Limited • The Itoh Kobo Bank (Luxembourg) S.A. • Tokai Kyowa Morgan Greatfield Limited  
Union Bank of Norway Ltd. • Union de Banques Arches et Françaises - U.B.A.E. • Värseus- und Westbank Aktiengesellschaft • S.G. Warburg & Co. Ltd.  
Williams & Glyn's Bank Limited • Dean Witter Reynolds International • Wood Gandy Limited • Yamanichi International (Europe) Limited

New Issue • April 8 1981

## Institutions Create Bull Market for Analysts

### Top People Can Command Salaries In the \$125,000 to \$175,000 Range

By Kenneth B. Noble  
*New York Times Service*

NEW YORK — It used to be that to make big money in stocks on Wall Street, a person had to know how to sell — not understand — stocks. That may no longer be true.

Once the poor relations of the equity business — at least in comparison with their revenue-producing sales brethren on the retail side — top-ranked analysts at Wall Street brokerage firms are beginning to command salaries and perquisites that could make people on the sales side envious.

With first-rate analysts hard to come by, some are now receiving offers in the \$125,000- to \$175,000-a-year range, plus generous

offerings to double the salary of a young, much sought-after analyst.

Several senior analysts at both firms become extremely upset by the offer and threatened to leave unless their salaries were adjusted accordingly. To pacify the dissidents, higher bonuses were promised for everyone.

The research director, blamed for failing as a recruiter, resigned.

Among Wall Street firms bidding to improve their research staffs, Dean Witter Reynolds is often mentioned at the top of the list. "About two years ago Dean Witter made an all-out effort to be the best in the institutional business — they wanted to hire block traders and the really superstar analysts," said Hugh A. Johnson Jr. of First Albany.

Soon Dean Witter lured William Young, a respected chemical analyst, from Morgan Stanley and James McCade from Donaldson, Lufkin & Jenrette, each reportedly for more than \$200,000 a year in total compensation.

Other recent defections include Mary Ann Keller of Kidder, Peabody, an automobile analyst and one of Wall Street's most prominent names, who switched to Paine Webber; and Winston Hirschow, a telecommunications expert, who moved from Salomon Brothers to Lehman Brothers.

"I wouldn't say that it's outlandish that Reggie Jackson of the analytical business are making over \$200,000," said James Balog, senior executive vice president of Drexel Burnham Lambert.

#### Caused Bitterness

The biggest factor in the push for analysts is the resurgence of interest in the equity markets by institutions.

Competition for the institutional

dollar has become so heated that firms are pirating their competitors' star analysts with unusual compensation packages.

While snatching is hardly new to Wall Street, industry experts say that attempts to lure the research people away has a new intensity.

"The Street goes through these cyclical patterns of outbidding one another for talent," said Mr. Balog. "It might be a little worse this time because Wall Street is coming off a good year and there was a relative shortage of new talent during most of the '70s, when the Street didn't look like such a good place to be."

Luring top analysts requires ingenuity in creating an attractive compensation package. Typically, a prominent analyst may be offered a base salary and bonus, plus a percentage of the corporate finance business. One well-known personality reportedly asked for a guaranteed bonus plus a lumpsum.

"Because 1980 was a good year for the industry, most of the analysts were treated pretty well in year-end bonuses, so to shake a guy loose right now, it takes a lot

of bucks," one research director said.

The push for upgrading research staffs is in sharp contrast to the attitude that many financially troubled brokerage houses took for most of the 1970s, especially after the coming of negotiated commissions on May 1, 1975.

"Nobody foresaw that there would be such a significant drop in commissions charged institutions over the next two years," said Peter Long of Lipper Analytical Services.

The sharp stock price decline and brokers' trading losses appeared to bottom out in 1978, and securities firms began to look more closely at reviving their research staffs.

With revenue again flowing from the institutions, "it was now thought that attracting institutional business would be perhaps more a function of the firm's having well-known research analysts than its trading capability," Mr. Long said.

scribes a tactic of buying and selling a single currency for delivery at different times in the future.)

Some crosses are so well established that currency traders have given them nicknames. Playing British pounds against Canadian dollars, for example, is called the Commonwealth Cross. Pounds against the Japanese yen is called the Oil Cross, explains David H. Arbesman, who heads the international currency department of Bachs Halsey Stuart Shields. "The British are oil exporters, and Japan is entirely dependent on oil imports. So people buy pounds and sell yen short when the oil price rises."

When fears arose that the Soviet

Union might invade Poland, some nervous

capital fled West Germany to seek sanctuary in the

telecommunications systems that link banks, multinational corporations and currency speculators all over the globe.

Its primary purpose is to pro-

vide ways to hedge the transac-

tions of international trade against

shifts in the values of currencies.

But it is also the chief arena for

wagering on world events, from in-

terest rates and election upsets to

military invasions.

Speculators buy and sell cur-

rencies for immediate delivery — the

spot market — or for future deliv-

ery — the forward market. There

are no stocks or bonds or certifi-

cates of deposit, only silent entries

in computers. The play is strictly

pig league: The smallest trades are

for \$1 million, and although no

one is certain just how large a mar-

ket it is, some estimates have put

the betting handle as high as \$100

billion a year.

#### Playing Crosses'

Whiplash swings in currency

rates can be treacherous. But for

the conservative-minded, there is a

gambit known as "playing

crosses." It is a tactic that small

investors can emulate, within strict

limits, with currency futures con-

tracts on the Chicago Mercantile

Exchange's International Monetary Market.

Cross rates are the price rela-

tionships between currencies other

than the dollar — between francs

and guilders, for example, or lire

and yen. A cross-rate position is

essentially a spread, in which a

speculator simultaneously buys

one currency and sells another

currency short. (In foreign exchange parlance, the word "spread" de-

notes that it is not easy. When the dollar was so low that sellers began to worry it might soon rally.

"We're seeing a good deal of inter-

est in buying marks," reports John

M. O'Connor, a trader for New

York's James Sinclair & Co.

As most traders see it, the key to

exchange rates is interest rate.

When a country's interest rates are

high, yield-sensitive capital moves

into that country's currency and

the buying pushes the currency up.

But fundamental economics is cri-

cial, too. In West Germany's case,

not only are its interest rates high

— the three-month Euromark rate

for marks is 13 percent, al-

most 3 percent higher than the rate

for Swiss francs; also, the Polish

crisis has abated and West Germa-

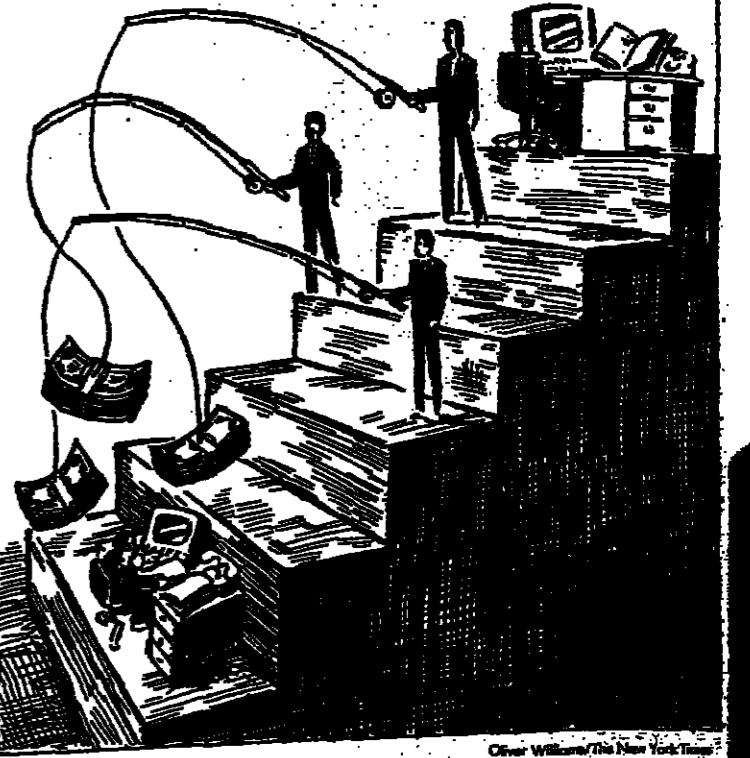
ny seems to be improving its trade

balance.

But a reverse play is developing.

The French currency has plunged

since Francois Mitterrand's victory



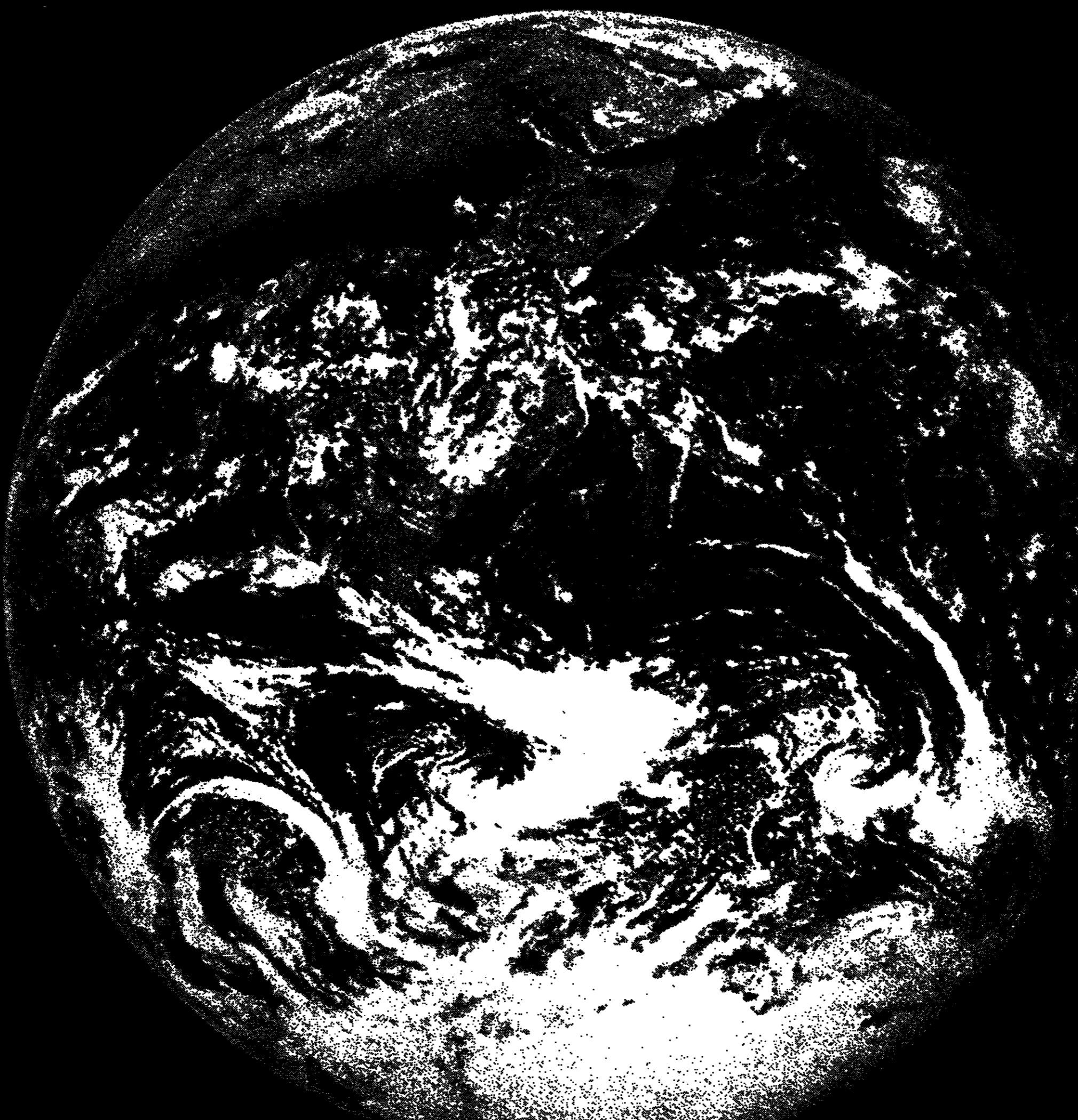
## Gambling on Foreign Exchange Markets: The Betting Ranges Into the Trillions

*New York Times Service*

</

JAY COOK

# Dominion Bridge has grown to span the world.



## Now our new name does too. **AMCA INTERNATIONAL**

On April 28, 1981, our shareholders voted to change our corporate name. Today it becomes official: We're AMCA International Limited.

For 99 years, we have been Dominion Bridge—we helped "bridge" Canada. But bridge building is now a small part of our business.

Eight years ago we formed a new subsidiary in the United States, AMCA (AMERICAN/CANADIAN), to reflect growing activities in all of North America.

AMCA is now an international diversified company with 1981 sales expected to exceed \$1.5 billion—in steel-based, industrial, engineering and construction products and services. We

market our output in over 100 countries. (The Dominion Bridge name will still be retained by certain of AMCA's operations in Canada.)

We have a new corporate name, but are still committed to the metals technology we know best and to strategic development worldwide—no single-industry or single-nation dependency. We plan to continue our 1970's growth record—sales and earnings increased at compounded annual rates of 21 percent and 28 percent respectively. Those results put us among the leading corporations in North America in providing our shareholders with outstanding returns

(stock price appreciation plus dividends).

We intend to remain in that position and, as a result, expect that our ads will continue to talk about our financial feats—as well as our engineering and construction ones.

AMCA International is listed on the Toronto and Montreal stock exchanges. Our new ticker symbol is AIL. Beginning today, look for us in the stock tables under AMCA INT.

Write for our new booklet, "The World of AMCA International" to: Department T, AMCA International, Hanover, New Hampshire 03755.



**AMCA  
INTERNATIONAL**

## **International Bond Prices – Week of May 27**

*Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston*

(Continued from Page 6)

| Ent                            | Security                | %     | Middle |       |       | Yield |       | Ave<br>Life Curr | Amt  |
|--------------------------------|-------------------------|-------|--------|-------|-------|-------|-------|------------------|------|
|                                |                         |       | Mot    | Price | Mot   | Per   |       |                  |      |
| <b>(Continued from Page 6)</b> |                         |       |        |       |       |       |       |                  |      |
| Ent 120                        | Ericsson Tel.           | 8 1/4 | 37 Mar | \$2   | 8.62  | 8.44  | 7.34  |                  | \$40 |
| Ent 120                        | Forsmarks Kroppar Ab    | 8 1/4 | 31 Jul | \$2   | 11.21 | 10.54 | 9.48  |                  | \$40 |
| Ent 125                        | Forsmarks Kroppar Ab    | 8 7/8 | 30 Nov | \$2   | 10.62 | 10.85 | 9.25  |                  | \$20 |
| Ent 140                        | Forsmarks Kroppar Ab    | 8 7/8 | 30 Jun | \$2   | 10.62 | 10.85 | 9.25  |                  | \$20 |
| Ent 40                         | Kommunikation Institute | 7 3/4 | 30 Apr | \$2   | 11.16 | 11.16 | 11.16 |                  | \$20 |
| Ent 40                         | Kommunikation Institute | 7 3/4 | 30 Oct | \$2   | 12.22 | 12.54 | 12.54 |                  | \$20 |
| Ent 50                         | Kommunikation Institute | 7 3/4 | 30 Jun | \$2   | 12.22 | 12.54 | 12.54 |                  | \$20 |
| Ent 50                         | Mjelkens Municipality   | 9 1/4 | 30 Feb | \$2   | 10.20 | 10.20 | 10.20 |                  | \$20 |
| Ent 50                         | Mjelkens Municipality   | 9 1/4 | 30 Jun | \$2   | 10.20 | 10.20 | 10.20 |                  | \$20 |
| Ent 50                         | Nka Ost Domsjö Medo     | 9     | 30 Jun | \$2   | 10.20 | 10.20 | 10.20 |                  | \$20 |
| Ent 75                         | Pest-Ost Kreditbanken   | 5 3/4 | 30 Mar | \$2   | 9.85  | 11.20 | 7.27  |                  | \$20 |
| Ent 75                         | Sodde-Sonate            | 7 3/4 | 30 Jun | \$2   | 9.27  | 10.55 | 7.27  |                  | \$20 |
| Ent 75                         | Sodde-Sonate            | 7 3/4 | 30 Sep | \$2   | 9.27  | 10.55 | 7.27  |                  | \$20 |
| Ent 75                         | Sodde-Sonate            | 7 3/4 | 30 Dec | \$2   | 9.27  | 10.55 | 7.27  |                  | \$20 |
| Ent 75                         | Sodde-Sonate            | 7 3/4 | 30 Mar | \$2   | 9.27  | 10.55 | 7.27  |                  | \$20 |
| Ent 75                         | Sodde-Sonate            | 7 3/4 | 30 Jun | \$2   | 9.27  | 10.55 | 7.27  |                  | \$20 |
| Ent 75                         | Sodde-Sonate            | 7 3/4 | 30 Sep | \$2   | 9.27  | 10.55 | 7.27  |                  | \$20 |
| Ent 75                         | Sodde-Sonate            | 7 3/4 | 30 Dec | \$2   | 9.27  | 10.55 | 7.27  |                  | \$20 |
| Ent 100                        | Stockholm County Coun   | 2 3/4 | 30 Apr | \$2   | 9.77  | 10.37 | 9.16  |                  | \$40 |
| Ent 100                        | Svenska Cellulosa Ab    | 7 1/4 | 30 Feb | \$2   | 10.20 | 10.20 | 10.20 |                  | \$40 |
| Ent 100                        | Sverifoto Invest Bank   | 6 1/2 | 30 Jun | \$2   | 9.47  | 10.55 | 9.45  |                  | \$15 |
| Ent 100                        | Sverifoto Invest Bank   | 6 1/2 | 30 Sep | \$2   | 9.47  | 10.55 | 9.45  |                  | \$15 |
| Ent 100                        | Sverifoto Invest Bank   | 6 1/2 | 30 Dec | \$2   | 9.47  | 10.55 | 9.45  |                  | \$15 |
| Ent 100                        | Swedish Export Credit   | 9 1/2 | 30 Dec | \$2   | 10.14 | 9.79  | 9.79  |                  | \$20 |
| Ent 100                        | Swedish State Company   | 7     | 30 Mar | \$2   | 10.82 | 12.75 | 7.87  |                  | \$20 |
| <b>SWITZERLAND</b>             |                         |       |        |       |       |       |       |                  |      |
| Ent 100                        | UNITED CHURCHES         | 5 1/4 | 30 Aug | \$2   | 10.21 | 11.77 | 8.57  |                  | \$15 |
| Ent 100                        | Barclays Overseas Inv   | 6 3/4 | 30 May | \$2   | 10.44 | 10.44 | 10.44 |                  | \$15 |
| Ent 75                         | Beechers                | 5     | 30 Nov | \$2   | 10.74 | 10.74 | 10.74 |                  | \$15 |
| Ent 75                         | Burnham Off Call        | 5 1/2 | 30 Nov | \$2   | 9.45  | 10.02 | 9.81  |                  | \$15 |
| Ent 75                         | Cambrian Commercial Ptn | 5 1/2 | 30 Jul | \$2   | 10.44 | 10.82 | 10.72 |                  | \$15 |
| Ent 75                         | Grand Central Finance   | 7     | 30 Aug | \$2   | 10.44 | 10.44 | 10.44 |                  | \$15 |
| Ent 100                        | Gorey Keen Nettelfeld   | 5 1/2 | 30 May | \$2   | 12.17 | 12.17 | 12.17 |                  | \$20 |
| Ent 100                        | Icl Ind Fin             | 7 1/2 | 30 Dec | \$2   | 10.21 | 10.21 | 10.21 |                  | \$20 |
| Ent 100                        | Icl Ind Fin             | 7 1/2 | 30 May | \$2   | 10.21 | 10.21 | 10.21 |                  | \$20 |
| Ent 100                        | Icl Ind Fin             | 7 1/2 | 30 Sep | \$2   | 10.21 | 10.21 | 10.21 |                  | \$20 |
| Ent 100                        | Icl Ind Fin             | 7 1/2 | 30 Dec | \$2   | 10.21 | 10.21 | 10.21 |                  | \$20 |
| Ent 100                        | Intl Commercial Bank    | 6 3/4 | 30 Jun | \$2   | 12.51 | 12.51 | 12.51 |                  | \$20 |
| Ent 100                        | Metropoli Estates 7,750 | 5 1/2 | 30 Aug | \$2   | 10.79 | 12.35 | 12.22 |                  | \$20 |
| Ent 100                        | Metropoli Estates       | 7     | 30 Aug | \$2   | 9.72  | 11.31 | 10.89 |                  | \$20 |
| Ent 100                        | Midland Int'l Fin       | 8 1/2 | 30 Oct | \$2   | 10.26 | 10.26 | 10.26 |                  | \$20 |
| Ent 100                        | Midland Int'l Fin       | 8 1/2 | 30 Dec | \$2   | 10.26 | 10.26 | 10.26 |                  | \$20 |
| Ent 100                        | Prudential Int'l Ltd    | 7     | 30 Oct | \$2   | 10.24 | 10.49 | 10.49 |                  | \$15 |
| Ent 100                        | South Scotland Elec     | 7     | 30 Feb | \$2   | 9.34  | 10.49 | 10.49 |                  | \$15 |
| Ent 125                        | Standard Chartered Bt   | 6 1/2 | 30 Jun | \$2   | 10.49 | 10.49 | 10.49 |                  | \$20 |
| Ent 125                        | Trotteridge House Fin   | 6 1/2 | 30 Oct | \$2   | 9.35  | 11.24 | 7.47  |                  | \$20 |
| <b>UNITED STATES AMERICA</b>   |                         |       |        |       |       |       |       |                  |      |
| Ent 70                         | Bankers Trust Int'l     | 5 1/2 | 30 Jan | \$2   | 9.98  | 9.98  | 9.98  |                  | \$20 |
| Ent 70                         | Bank Of America         | 5 3/4 | 30 Nov | \$2   | 11.14 | 12.22 | 22.31 |                  | \$20 |
| Ent 120                        | Chrysler Overseas       | 7     | 30 Jul | \$2   | 10.22 | 10.22 | 10.22 |                  | \$20 |
| Ent 125                        | CH-Homewell Bt          | 5 3/4 | 30 Aug | \$2   | 10.11 | 10.11 | 10.11 |                  | \$20 |
| Ent 200                        | Intl World Trade        | 10    | 30 Aug | \$2   | 10.47 | 10.47 | 10.47 |                  | \$20 |
| Ent 200                        | Intl World Trade        | 10    | 30 Dec | \$2   | 10.47 | 10.47 | 10.47 |                  | \$20 |
| Ent 200                        | Overseas Corp           | 5 1/2 | 30 Oct | \$2   | 10.95 | 10.95 | 10.95 |                  | \$20 |
| Ent 200                        | Overseas Corp           | 5 1/2 | 30 Dec | \$2   | 10.95 | 10.95 | 10.95 |                  | \$20 |
| Ent 80                         | Twa International Fin.  | 7 1/2 | 30 Oct | \$2   | 9.43  | 11.17 | 6.67  |                  | \$20 |
| Ent 80                         | Wells Fargo Int'l. w/o  | 6 1/2 | 30 Nov | \$2   | 9.43  | 11.17 | 6.67  |                  | \$20 |

## **CONVERTIBLE BONDS**

| mi | Security                | Middle<br>Price  | Conv.<br>Period | Conv.Pr<br>p/\$h       | Conv.<br>Prem.             | Curr.<br>Sp% |
|----|-------------------------|------------------|-----------------|------------------------|----------------------------|--------------|
| 1  | HOPE                    |                  |                 |                        |                            | \$30         |
| 2  | Apo Ab                  | 7 1/4 % 1989 Mar | 142             | 1 Oct 79<br>5 Mar 80   | skr 140 -<br>skr 159-3/4   | 5.46 - 2.71  |
| 3  | Alco 25-32              | 4 3/4 % 1989 Jan | 73              | 1 Sep 79<br>maturity   | hf1 72-10<br>hf1 70-3/4    | 10.54        |
| 4  | Austausche Compt 17.88  | 6 1/2 % 1993 Jun | 73 1/2          | 16 Jun 81<br>maturity  | \$ 285-5/9                 | 4.97         |
| 5  | Austria                 | 4 3/4 % 1987 Mar | 70              | 1 Sept 79<br>1 Jan 79  | \$ 174-2/3                 | 4.25         |
| 6  | Autro Bank Bsc 2.38     | 5 1/2 % 1989 Jan | 161             | 31 Dec 80<br>17 Apr 81 | hf1 42-10<br>p 125 -       | 3.14 - 9.78  |
| 7  | Babcock Nederland       | 7 % 1992 Oct     | 112             | 15 Sep 78<br>1 Feb 79  | p 105 -<br>p 214 -         | 8.13 - 5.47  |
| 8  | Babcock Fin SIA 16      | 6 3/4 % 1992 Jun | 122             | 15 Sep 78<br>1 Feb 79  | p 171-70<br>p 214 -        | 15.28        |
| 9  | Boat Co Ltd             | 6 3/4 % 1992 Aug | 118             | 1 Jul 79<br>1 Jul 79   | p 196-7/8                  | 4.46 - 10.2  |
| 10 | Brown Boveri Bsc 5.34   | 4 1/4 % 1993 Dec | 64 1/2          | maturity               | \$ 200-20                  | 15.28        |
| 11 | Burma Oil 1928B         | 5 1/2 % 1988 Oct | 146             | 1 Apr 79<br>1 May 79   | 12.72/2<br>\$ 315-5/7      | 5.20 - 5.61  |
| 12 | Caterpillar Europe 2.08 | 4 % 1994 Jul     | 64 1/2          | maturity               | \$ 475                     | 2.25         |
| 13 | Credit Suisse Ltd       | 4 1/4 % 1991 Dec | 105 1/2         | 10 Jan 77<br>maturity  | \$ 962-2/3                 | 2.57 - 4.24  |
| 14 | Credit Suisse Ltd       | 4 3/4 % 1993 Dec | 83              | 1 Oct 79<br>maturity   | \$ 1236-8/9                | 1.62 - 4.34  |
| 15 | Elf Aquitaine 4.69      | 8 3/4 % 1993 Nov | 46              | 29 Feb 79<br>15 Jun 79 | hf1 100-10<br>hf1 117-44-4 | 10.08 - 6.75 |
| 16 | Emtia Corp 20.38        | 7 1/4 % 1992 Jun | 110             | 25 Sep 79<br>5 Mar 80  | hf1 123-1/9                | 3.26 - 4.22  |
| 17 | Essarite Ab             | 7 3/4 % 1989 May | 77 1/2          | 5 Mar 80<br>1 Jun 73   | skr 179-1/2                | 2.29 - 5.15  |
| 18 | General Sheppings 6.12  | 5 1/4 % 1987 Sep | 124             | maturity               | \$ 141-5/8                 | 3.51 - 5.78  |
| 19 | Gervais Demande 46      | 5 % 1988 Jun     | 75              | 15 Sep 77<br>15 Jun 78 | \$ 1800                    | 14.21 - 4.04 |
| 20 | Hansen Owners 4.6       | 9 1/2 % 1995 Oct | 108 1/4         | 2 Oct 95<br>1 Aug 81   | p 228-2/9<br>p 224 -       | 6.15 - 3.35  |
| 21 | Hansen Owners Fin       | 9 1/2 % 1996 Oct | 92 1/4          | 7 Oct 94<br>1 Jun 80   | p 267 1/5<br>hf1 104 -     | 4.31 - 3.35  |
| 22 | Heskorvare 34.62        | 5 1/4 % 1985 Aug | 75 1/2          | maturity               | hf1 74 1/4                 | 24.22        |
| 23 | Icl Im Fin 124-27       | 6 3/4 % 1990 Jun | 81 1/2          | 1 Nov 78<br>1 Oct 77   | p 468 -<br>p 285 -         | 6.17 - 1.72  |
| 24 | Icl Im Fin 150-22       | 6 3/4 % 1992 Aug | 120             | 18 Mar 82<br>15 Feb 81 | p 178-2/3                  | 5.43 - 4.22  |
| 25 | Inchcape Ltd 93.27      | 8 % 1995 Aug     | 83 3/4          | 15 Jul 95<br>2 Apr 79  | p 455 -<br>\$ 216 5/7      | 1.20 - 4.22  |
| 26 | Intershop Over 5.80     | 5 1/4 % 1990 Oct | 77              | maturity               | \$ 240                     | 5.94 - 4.37  |
| 27 | Mettawest Estate        | 8 1/4 % 1996 Jun | 91 3/4          | 1 Feb 81<br>15 Dec 79  | p 207 -<br>p 222 1/2       | 12.69 - 2.50 |

**HIGHEST CURRENT YIELDS**  
On convertibles having a conversion  
premium of less than 10%.

## - Explanation of Symbols -

1997 Aug 133 1/2 maturity 5/32/97  
 1998 Feb 224/81 1 Apr 81  
 2000 Sep 107 maturity 5/4/97

| Mutual Funds              |         |       |                   |
|---------------------------|---------|-------|-------------------|
| Close Prices May 29, 1961 |         |       |                   |
|                           | Bid     | Ack   |                   |
| M. Gilt                   | 7.12    | NL    | Louisville Savers |
| M. Gilt                   | 13.69   | NL    | Capitl            |
| M. Lev                    | 32.89   | NL    | Mut               |
| M. Lev                    | 161.16  | NL    | Lord Abbett       |
| M. Mon                    | 24.83   | NL    | Affiliated        |
| M. Mon                    | 81.81   | NL    | State & City      |
| group:                    |         |       | Income            |
|                           |         |       | Lutheran Bro.     |
|                           |         |       | Fund Fund         |
|                           |         |       | Income            |
|                           |         |       | Manu              |
|                           |         |       | U.S. Gov          |
|                           |         |       |                   |
| Sh. Gilt                  | 4.71    | .49   |                   |
| Sh. Gilt                  | 1.56    | .18   |                   |
| Sh. Gilt                  | 10.12   | 11.86 |                   |
| Sh. Gilt                  | unavail |       |                   |
| Sh. Gilt                  | 7.67    | NL    |                   |
| Sh. Gilt                  | 12.39   | 13.11 |                   |

|               |         | <b>Mass Financ.</b> |
|---------------|---------|---------------------|
| Ind           | 12.60   | 11.42               |
| p'tx          | 9.01    | 9.39                |
| Invest        | 11.20   | 12.24               |
| Int'l         | unavail |                     |
| Inv'l         | 8.84    | 9.28                |
| Inv'l         | 11.47   | 12.37               |
| <b>Groups</b> |         |                     |
| Govt          | 4.13    | 4.28                |
| Govt          | 14.39   | 17.81               |
| HY            | 3.60    | 3.35                |
| IND           | 10.69   | 11.42               |
|               | 9.45    | 10.38               |
|               | 5.24    | 5.85                |
| Ex            | 3.17    | 3.50                |
|               | 71.29   | 72.14               |
|               | 6.44    | 7.11                |
| Resh          | 10.42   | 11.35               |
|               | 6.15    | 6.22                |
|               | 33.22   | 34.21               |
| Eq            | 16.27   | 17.11               |

|              |      |      |            |        |        |
|--------------|------|------|------------|--------|--------|
| North        | 1274 | 1385 | PocPac     | 1274   | 1385   |
| South        | 736  | 880  | Sel Vol    | 1250   | 1311   |
| East         | 1149 | NL   | Mid AM     | 871    | 971    |
| Monroe:      |      |      | MAMC&DR    | 201.13 | 217.13 |
| North        | 1276 | 1387 | MAMC       | 19.17  | 19.17  |
| South        | 1128 | 1287 | MSS Fund   | 19.17  | 19.17  |
| East         | 851  | 948  | Mutl Bern  | 11.07  | 12.07  |
| West         | 247  | NL   | MIF Funds: |        |        |
| Other Funds: |      |      | Fund       | 8.71   | 9.71   |
| North        | 745  | 790  | Growth     | 5.88   | 6.88   |
| South        | 1211 | 1323 | No/Bd      | 8.42   | 9.42   |
| East         | 848  | 959  | Mutual of  | 10.40  | 11.40  |
| West         | 722  | 759  | Omaha:     | 10.40  | 11.40  |
| Other Fds:   |      |      | North      | 10.40  | 11.40  |
| North        | 2056 | 2247 | Growth     | 8.13   | 9.13   |
| South        | 1139 | 1485 | Avia       | 9.47   | 10.47  |
| East         | 1167 | 1494 | Ts Fe      | 9.47   | 10.47  |
| West         |      |      | Mutl Shr   | 45.38  | 50.38  |
| Other Mds:   |      |      | South      | 52.71  | 57.71  |
| North        | 1352 | 1472 | West       | 15.67  | 16.67  |

|                   |       | Net Securities: |
|-------------------|-------|-----------------|
| 92                | 14.54 | 10.08           |
| 93                | 7.53  | 8.01            |
| 94                | 7.62  | 8.71            |
| 95                | 7.12  | 7.85            |
| 96                | 18.39 | 20.18           |
| 97                | 11.88 | 12.00           |
| 98                | 11.88 | 12.02           |
| 99                | 4.93  | 5.39            |
| 00                | 12.97 | 14.17           |
| Avg Gnp:          |       |                 |
| 92                | 14.47 | 15.87           |
| 93                | 7.19  | NL              |
| 94                | 11.88 | NL              |
| 95                | 17.55 | NL              |
| 96                | 1.00  | NL              |
| 97                | 10.63 | 11.84           |
| 98                | 11.38 | NL              |
| Net LELIE Fund:   |       |                 |
|                   |       | 21.08           |
|                   |       | 22.00           |
|                   |       | 23.25           |
|                   |       | 19.00           |
|                   |       | 9.75            |
|                   |       | 10.00           |
|                   |       | 20.97           |
|                   |       | 5.83            |
|                   |       | 6               |
| Neuberger Berman: |       |                 |
|                   |       | 21.92           |
|                   |       | 21.92           |

# Try

DM Deutsche Mark  
NMB Norwegian Krone - D

|                 | Bid    | Ask   |            |
|-----------------|--------|-------|------------|
| Guard           | \$3.10 | NL    | StPaul Im  |
| Lobby           | .365   | NL    | Captif     |
| Almanit         | .454   | NL    | Growth     |
| Perth           | 17.82  | NL    | Int'l      |
| Schen           | 17.52  | NL    | Scudder F  |
| First GI        | 22.63  | NL    | DoveI      |
| West Inc        | 7.28   | NL    | Incom      |
| Nichola         | 19.12  | NL    | Intl Fd    |
| Moreast         | 10.12  | NL    | AMMB       |
| NY Vent         | 9.95   | 10.82 | Speci      |
| Nuveen          | 6.71   | NL    | TxFre      |
| Omega           | 17.24  | NL    | Security F |
| One Wm          | 18.46  | NL    |            |
| Cogenheimer Fd: |        |       |            |
| Oppen           | 10.44  | 11.41 |            |
| Hil Yld         | 19.40  | 18.67 | Invest     |
| Inc Bos         | 7.56   | 8.20  | Ultra      |
|                 |        |       | Selected F |

|                       |       |       |              |
|-----------------------|-------|-------|--------------|
| Defn                  | 22.85 | 26.07 |              |
| Speci                 | 28.81 | 21.87 | Ari Shs      |
| Tx Fr                 | 6.60  | 4.00  | Sol Shs      |
| AIM                   | 23.45 | 25.42 | Settlement   |
| Trans                 | 26.17 | 28.45 | Broad        |
| OTC Sec               | 26.17 | 28.45 | Nat Inv      |
| Portom M              | 10.42 | 11.41 | U Cap        |
| PoxWid                | 9.73  | NL    | In Inc       |
| Penin Sq              | 5.96  | NL    | Stabilized G |
| Penin Mu              | 5.96  | NL    | Bacon        |
| Phila                 | 10.95 | 11.97 | Bond         |
| <b>Phoenix Chase:</b> |       |       |              |
| Balan                 | 8.63  | 9.42  | Corn S       |
| Growth                | 9.42  | 10.51 | Growth       |
| Stock                 | 10.10 | 9.95  | Sequela      |
| <b>Plaza Am Gro:</b>  |       |       |              |
| Pala Fd               | 15.88 | 16.24 | Sentry       |
| Mas C                 | 5.12  | 5.52  | Shawson      |
| Mop In                | 7.07  | 7.42  | Income       |
| Pioneer Fund          |       |       | Magnus       |
|                       |       |       | NewDir       |
|                       |       |       | Trilane      |

|                |       |       |            |
|----------------|-------|-------|------------|
| Bond Fund      | 7.85  | NL    | Sierra Gr  |
| JJ Inc         | 13.31 | 14.58 | Sherm D    |
| Pfot Inv       | 17.74 | 17.74 | Sherm Fu   |
| PfotR Inv      | 17.27 | 17.27 | Copl       |
| Princ Fund     | 12.52 | 14.61 | Inco       |
| Price Funds:   |       |       | Invest     |
| Growth         | 14.36 | NL    | Invest     |
| Income         | 7.94  | NL    | Vent       |
| N Era          | 21.62 | NL    | SL Env     |
| N Herz         | 18.91 | NL    | SL 1&Gr    |
| Prime          | 1.00  | NL    | SoGen      |
| Tx Fte         | 7.78  | NL    | Sw Inv     |
| Pro Services:  |       |       | Swingline  |
| AmedT          | 18.17 | NL    | Saver In   |
| Fund           | 9.28  | NL    | Power Bond |
| Income         | 7.52  | NL    | Conv St    |
| SLP            | 14.00 | 14.65 | Divers     |
| Pfutmen Funds: |       |       | Progrs     |
| Conv           | 12.97 | 14.65 | SFrm G1    |
| Conv           | 12.97 | 14.65 | SFrm G2    |

|               | Conv  | Ind   | Trans | Stree    |
|---------------|-------|-------|-------|----------|
| Int'l EG      | 13.00 | 10.00 | 10.00 | Each     |
| Int'l EG      | 12.50 | 10.00 | 10.00 | Feed     |
| Growth        | 12.41 | 14.44 | 14.44 | Invest   |
| Hl Yld        | 14.93 | 13.16 | 13.16 | Shredm   |
| Incent        | 5.71  | 6.12  | 6.12  | Smn Ind  |
| Invest        | 10.45 | 11.42 | 11.42 | Asst     |
| Conv          | 14.12 | 15.42 | 15.42 | Invest   |
| Tex Ex        | 12.00 | 11.00 | 11.00 | Occas    |
| Vista         | 17.33 | 22.00 | 22.00 | Shred    |
| Voyage        | 17.49 | 19.33 | 19.33 | Rose     |
| Rainbow       | 3.04  | NL    | NL    | Belen    |
| Ravers        | 8.61  | NL    | NL    | Cop Co   |
| Safeco Secur. |       |       |       | Shred    |
| Equit         | 12.05 | NL    | NL    | Shred    |
| Growth        | 17.50 | NL    | NL    | Shred    |
| Ince          | 11.40 | NL    | NL    | Shred Gt |

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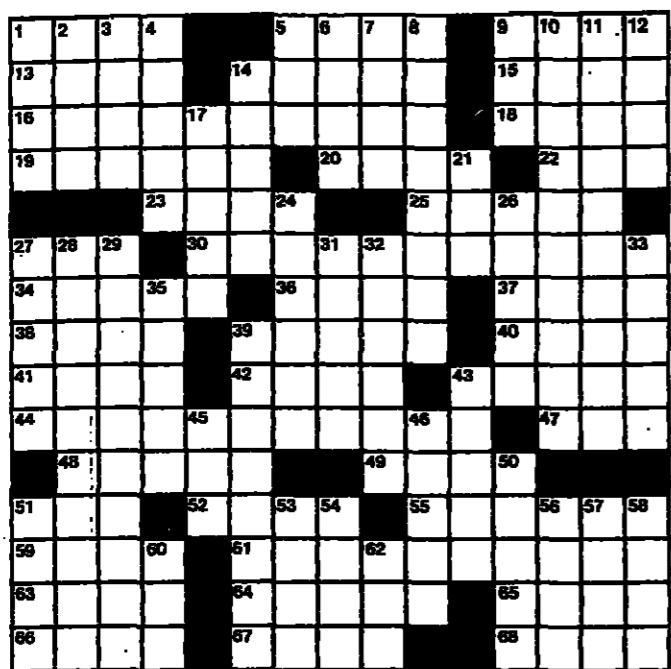
**NEW YORK (AP)**-Weekly Over the Counter stocks giving the high, low and last bid prices for the week with the net change from the previous week's last bid prices. All quotations supplied by the National Association of Securities Dealers, Inc., are not actual transactions but are representative interdealer prices at which these securities could have been sold. Prices do not include retail markup, markdown or commission. Sales supplied by NASD.

## **Over-the-Counter**

|             |      |       |      |      |       |           |     |    |     |    |     |         |      |      |      |      |     |
|-------------|------|-------|------|------|-------|-----------|-----|----|-----|----|-----|---------|------|------|------|------|-----|
| Coherent    | 615  | 2024  | 27   | 25   | +1    | GHCm2     | 50  | 21 | 19% | 21 | +1% | NHMSI   | 670  | 1324 | 1264 | 131  | +1% |
| KelvinCal   | 7777 | 11-32 | 27   | 26   | -1-20 | GHCm2     | 50  | 21 | 19% | 21 | +1% | NHMSI   | 670  | 1324 | 1264 | 131  | +1% |
| Keenan & 46 | 223  | 2024  | 27   | 26   | -1-20 | HCC       | 92  | 24 | 17% | 9  | +2  | NHMSI   | 684  | 1340 | 1276 | 134  | +2% |
| Cook-Ties   | 3406 | 1524  | 1504 | 1504 | +12   | MHCP      | 50  | 20 | 5%  | 54 | +1  | NHMSI   | 693  | 1353 | 1293 | 135  | +1% |
| COADS v1    | 119  | 2019  | 2024 | 2024 | +12   | Hodson    | 516 | 21 | 19% | 21 | +1  | NHMSI   | 244  | 486  | 446  | 446  | +1% |
| CMCvfa s1   | 1097 | 2024  | 27   | 26   | -1-20 | Hodson s. | 119 | 19 | 17% | 21 | +1  | NHMSI   | 1224 | 74   | 1276 | 74   | +1% |
| CMCvfa s.12 | 618  | 2024  | 27   | 26   | -1-20 | Hodson    | 52  | 27 | 24% | 27 | +1  | Newport | 130  | 262  | 257  | 257  | +1% |
| Comdor      | 24   | 2024  | 27   | 26   | -1-20 | Hodson    | 52  | 27 | 24% | 27 | +1  | Newport | 385  | 592  | 542  | 542  | +1% |
| Comdor      | 24   | 2024  | 27   | 26   | -1-20 | Hemip     | 50  | 21 | 19% | 20 | -1  | Newport | 376  | 1179 | 1129 | 1129 | +1% |
| Comdor      | 24   | 2024  | 27   | 26   | -1-20 | Hemip     | 50  | 21 | 19% | 21 | +1  | NHMSI   | 376  | 1179 | 1129 | 1129 | +1% |
| Comdor      | 24   | 2024  | 27   | 26   | -1-20 | Hemip     | 50  | 21 | 19% | 21 | +1  | NHMSI   | 376  | 1179 | 1129 | 1129 | +1% |



## CROSSWORD By Eugene T. Maleska



**ACROSS**

- 1 Abyssal
- 5 "There ought to be a law."
- 9 Old word before "while"
- 13 Heraldic shield's border
- 14 Writer Jong
- 15 San—
- 16 Italian resort
- 18 Old Greek festival
- 19 Used-car transaction
- 20 Hazards for dolphins
- 22 Island music maker, for short
- 23 Monetary unit of Turkey
- 25 Locale for a malice
- 27 Haw's partner
- 30 Erupted pollution
- 34 Have—(be wary)
- 36 Nigerian city
- 37—"boy!"
- 38 Ester: Comb. form
- 39 Slangy command to do it
- 40 Accret?
- 42 Bus business
- 43 Chemical suffix
- 44 "Thanks—!"
- 45 Exaggerated comedy

**DOWN**

- 1 French window
- 2 Neighbor of Chautauqua Lake
- 3 Extensions
- 4 Flower part
- 5 Noah's Ark
- 6 Land pressure
- 8 "—want not"
- 9 Particular period
- 10 Thermostats, e.g.
- 11 Urban polluter
- 12 Timbre
- 14 Pollute
- 47 What smog obscures
- 48 Crystal-lined rock
- 49 Hindu god of destruction
- 51 Nothing
- 52 Nevada cattle center
- 55 Soprano Melba
- 58 Destructive rain
- 61 Rashly people
- 63 Far from danger
- 64 Epic involving Agamemnon
- 65 "Once—a midnight dreary..."
- 66 Actor Clunes
- 67 "The Sun Rises"
- 68 Adjective for a mite or mote
- 69 The Way, in China

## WEATHER

|               | HIGH | LOW |          | HIGH           | LOW |    |
|---------------|------|-----|----------|----------------|-----|----|
| C             | F    | F   | C        | F              | C   | C  |
| AMSTERDAM     | 24   | 19  | Cloudy   | MANILA         | 24  | 23 |
| ANKARA        | 26   | 24  | Cloudy   | MIAMI          | 24  | 25 |
| ATHENS        | 29   | 24  | Cloudy   | MILAN          | 25  | 27 |
| AUCKLAND      | 18   | 14  | Overcast | MONTREAL       | 16  | 11 |
| BANGKOK       | 35   | 27  | Cloudy   | MOSCOW         | 26  | 22 |
| BERLIN        | 24   | 20  | Cloudy   | MUNICH         | 24  | 20 |
| BELGRADE      | 21   | 19  | Cloudy   | NAIROBI        | 24  | 25 |
| BERLIN        | 22   | 22  | Cloudy   | NASSAU         | 22  | 22 |
| BOSTON        | 24   | 25  | Fair     | NEW DELHI      | 22  | 21 |
| BUDAPEST      | 22   | 17  | Cloudy   | NEW YORK       | 22  | 21 |
| BUEENOS AIRES | 27   | 17  | Cloudy   | NICE           | 22  | 22 |
| CAIRO         | 26   | 21  | Cloudy   | OSLO           | 22  | 14 |
| CASABLANCA    | 35   | 27  | Cloudy   | PANAMA CITY    | 25  | 25 |
| CHICAGO       | 21   | 19  | Cloudy   | PARIS          | 25  | 27 |
| COPENHAGEN    | 18   | 14  | Cloudy   | PRAGUE         | 22  | 22 |
| COSTA DEL SOL | 23   | 23  | Cloudy   | RIO DE JANEIRO | 22  | 22 |
| DAMASCUS      | 36   | 24  | Cloudy   | ROTORUA        | 20  | 28 |
| DUBLIN        | 22   | 17  | Cloudy   | SAO PAULO      | 21  | 21 |
| EDINBURGH     | 15   | 14  | Cloudy   | SEOUL          | 21  | 13 |
| FLORENCE      | 22   | 17  | Cloudy   | SHANGHAI       | 22  | 11 |
| FRANKFURT     | 24   | 25  | Cloudy   | SINGAPORE      | 22  | 22 |
| GENEVA        | 25   | 25  | Cloudy   | STOCKHOLM      | 22  | 22 |
| HELSINKI      | 21   | 19  | Cloudy   | SYDNEY         | 22  | 22 |
| HONG KONG     | 21   | 18  | Cloudy   | TAIPEI         | 31  | 22 |
| HOUSTON       | 22   | 21  | Cloudy   | TEL AVIV       | 26  | 24 |
| ISTANBUL      | 22   | 19  | Cloudy   | TOKYO          | 22  | 22 |
| JERUSALEM     | 22   | 17  | Cloudy   | TOKS           | 21  | 21 |
| LAS PALMAS    | 22   | 14  | Cloudy   | VENICE         | 22  | 23 |
| LIMA          | 21   | 17  | Cloudy   | VIENNA         | 24  | 25 |
| LISBON        | 21   | 14  | Cloudy   | WARSAW         | 21  | 20 |
| LONDON        | 22   | 15  | Cloudy   | ZURICH         | 29  | 24 |
| MADRID        | 30   | 22  | Cloudy   |                | 23  | 11 |

Readings from the previous 24 hours.

RADIO NEWSCASTS  
BBC WORLD SERVICE

Broadcasts of 0000, 0200, 0300, 0400, 0500, 0600, 0700, 0800, 1100, 1300, 1400, 1700, 1800, 2000, 2200, 2300 (All Times GMT).

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East Africa: 14330 KHz and 21200 Medium Wave, 25.650, 21.440, 17.885, 15.420, 12.095, 11.820, 11.580, 7.170 and 4.820 KHz in the 11, 13, 14, 19, 24, 21, 31, 42 and 49 meter bands.

North and North West Africa: 25.650, 21.470, 15.070, 11.750, 9.410, 7.130 and 5.975 KHz in the 11, 13, 14, 19, 23, 31, 42 and 50 meter bands.

Southern Africa: 25.650, 21.440, 17.885, 11.820, 9.410, 7.185 and 6.005 KHz in the 11, 13, 14, 19, 25, 31, 41 and 49 meter bands.

Middle East: 17.220 KHz and 22700 Medium Wave, 25.650, 21.710, 17.770, 15.370, 11.750, 9.410, 7.140, 6.720 and 3.570 KHz in the 11, 13, 14, 19, 25, 31, 42, 47 and 50 meter bands.

Southern Asia: 14130 KHz and 21200 Medium Wave, 25.650, 21.550, 17.770, 15.370, 11.750, 9.410, 7.180 and 6.150 KHz in the 11, 13, 14, 19, 25, 31, 42, 47 and 50 meter bands.

East and South East Asia: 25.650, 21.740, 15.310, 11.750, 9.410, 7.105 in the 11, 13, 14, 19, 25, 31, 48 and 74 meter bands. Also for Singapore only: 18.000 KHz VHF.

## VOICE OF AMERICA

The Voice of America broadcasts world news in English on the hour and at 30 minutes after the hour during various periods to different regions.

Supported frequencies:

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Middle East: KHz 15.255, 11.715, 9.760, 7.200, 6.040, 1.240 in the 19.7, 23.2, 31.7, 42, 47, 52, 73, 250 (medium wave) meter bands.

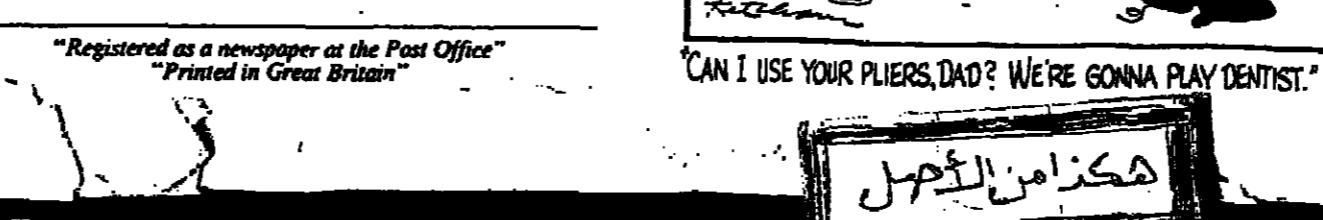
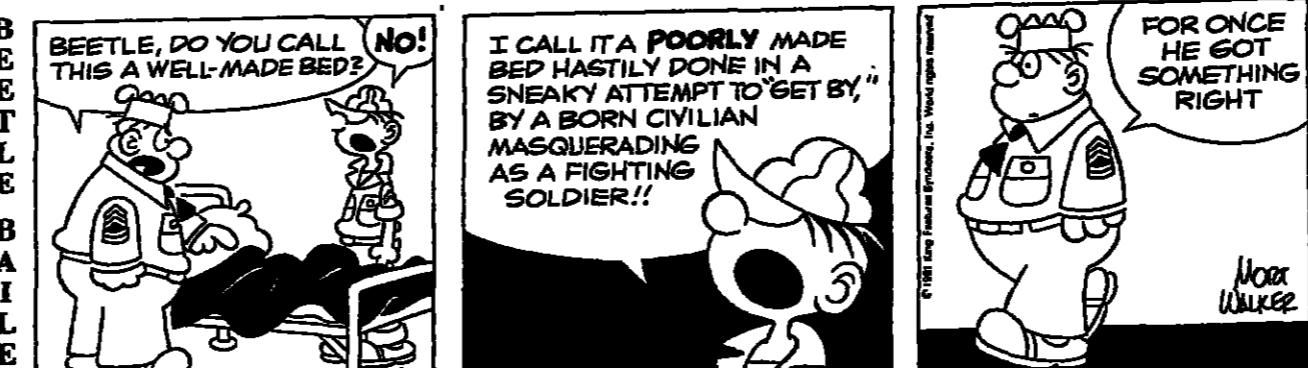
East and Pacific: KHz 17.625, 17.240, 15.370, 11.740, 9.760, 24.000, 6.720 and 1.075 on the 14, 16.5, 25.3, 30.3, 33.7, 41.5, 47.5, 73, 79 meter bands.

South Asia: KHz 21.540, 17.440, 15.370, 11.750, 9.410, 7.105 in the 11, 13, 14, 19, 25, 31, 42, 47 and 50 meter bands.

Africa: 10.5-24.000, 21.440, 17.770, 15.370, 11.750, 9.410, 7.185, 5.975, 3.990 on the 11.5, 13.5, 16.5, 19.4, 25.2.

Oil and Money Conference.  
London, Sept. 28-29.

The second annual International Herald Tribune/Oil Daily conference on "Oil and Money in the Eighties," will take place September 28 and 29 in London. For further information, please contact the International Herald Tribune Conference Dept., 161 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France. Telephone: 747-12-65. Telex: 612832.



## BOOKS

## GRANT

## A Biography

By William S. McFeely. Illustrated. 592 pp. \$19.95.

W.W. Norton, 500 Fifth Ave., New York 10110.

Reviewed by Christopher Lehmann-Haupt

At last, as the old gag reminds us, the Grants were buried in Grant's Tomb, that gingerbread house for Greek gods that sits atop Manhattan's Upper West Side. And it is finally here, in his epilogue's account of Julia Dent Grant's interment in 1903 that William S. McFeely hits upon the perfect image to evoke the absurdity of the Grants' lives.

"When Julia was to be interred, electric lights were rigged in the tomb to illuminate the work of the man using a crane to hoist the immense bronze lid from the sarcophagus. When it was closed again, those two small simple people lay side by side in the vast, absurd, but somehow moving, empty space of the tomb set on ground that had nothing to do with either of them. Once again they were in a house that was not quite their own. Legend had it that the idea of a single burial place had come to Ulysses when he was looking at the monuments to Ferdinand and Isabella in which he drew to the west in which he had been born all along."

What Grant lacked, says McFeely, was an ability to speak for th of his army, who were just as tr as he had been."

"Nevertheless," he continues, "those who had gone off to war could see in his success a gl of their own hopes. They were braving their own dreams when cheered Grant — and gave him no without them."

Grant's tragedy was that he was able to return the favor. Once gained attention, he did not gain into the ranks and make conn pose with the men from wh came." He had experienced in failure that once having moved front, he could not risk failing.

"Once he had become general, to go on to be president, and at time as president was up, he again, no idea what to do with self. But the difference was th he had heard those cheers and he did not without them."

As for Julia Dent Grant: It is disproportionate lack of inform that prevents a joint study from valid. But, as McFeely notes, case, "the importance of his Grant story is nowhere lost."

What McFeely does not attem explain in so many words is precisely motivated Grant to exc the circumstances that he did the details of Grant's life provide ground for speculation. What pa struck this reader was th moteness of Grant's character, the details of McFeely's text. On three or four occasions does one immediate presence — first, in the war, when he fought to say career from the destructive mation of a jealous superior officer, at the battle of Shiloh, when he vied what looked as a defeat forces by rallying his panick subordinate officers, and, finally, late in life, when he overcame the aff of throat cancer to complete his memoirs. On these one senses the iron of his. The rest of the time, Grant in this book much as his and w remains fail to fill the vast spac of their tomb.

One can make of this void what will. Psychologists might obs that Grant came to life only under threat of destruction. Grant, he said, in a note he wrote his dc when he was dying: "The fact think I am a verb instead of a peral pronoun. A verb is anything signifies to be; to do; or to suff signify all three." But only in end did he "do." The source of Gr absurdity is finally that while he have appeared simple, he was n any simpler than the complex hum

Moreover, McFeely provides theories to account for this roller-coaster ride. Grant was an ordinary man who refused to think of himself as ordinary and therefore failed at ordinary en

## Solution to Friday's Puzzle

ABATED ATTUNES  
IMAGINE HOISOME  
TORNADO TYPHOON  
ESTER DOES ESYEA  
GAIAN GALENT  
GLACTIC MONACAN  
OCEANUS PREPARE  
TERSESS STEENE  
PANAMA LED  
SETITY MADIE  
ADEL LISTER HICER  
TEMPEST CYCLONE  
AMPULLA HEALING  
MATTIER ESSERE

Christopher Lehmann-Haupt is the staff of The New York Times.

## CHESS

Europe scored a convincing 194-12½ triumph over the Americas in an unofficial double-round match in Mar del Plata, Argentina.

The high score for Europe was Ulf Andersson of Sweden, with 6-2. He was followed by Ljubo Djordjevic of Yugoslavia with 5-3, Bent Larsen of Denmark with 4½-3½, and Lajos Portisch of Hungary with 4-4.

Larry Christiansen of Modesto, Calif., led the Americas team with 4-4. He was followed by Walter Browne of Berkeley, Calif., with 3½-4½, Miguel Quintana of Argentina with 3-3, and Yasser Seirawan of Seattle with 2-6.

Andersson, who has long been noted for his penchant for sacrificing the exchange on the slightest pretext, produced its equivalent — an offer of queen for rook and bishop — at the critical moment of his fascinating struggle with Quintana. This stratagem got him an attack extraordinarily difficult to contain and he won with a cleverly worked-out transposition to an ending.

With 5 B-N5, Quintana tried to tempt Andersson into the wild outside passed pawn and while this was to be hunted down by 5 PxP, there was no stopping other passed pawn. Andersson stayed with



Language**Little Victories**

By William Safire

**NEW YORK** — "Citibank has coined a new and unnecessary word," Mrs. Winsome Adams of St. Albans, N.Y., wrote me last year. "In several branches, the bank has signs which state that no two-party checks will be accepted for 'deposit or encashment.' 'Encashment?' What is wrong with the old-fashioned word 'cash'?"

The wheels of the vaults grind slowly, but a vice president of Citibank, Nathaniel Sutton, investigated the matter and reports: "We plead guilty on 'encashment.' We did it, but we didn't coin it. The British did. And two recent editions of Webster's are keeping the word alive and well." The word is listed in Webster's III as a Briticism. "I believe the British are more fond of 'encashment' than we are, but you still hear it all the time in banking circles."

Does Citibank endorse this pretentious import? "While the dictionary confers legitimacy, it does not confer appropriateness," said Sutton, caving in without admitting a bank error in our favor. "I agree with Mrs. Adams that 'encashment' has a jargonish ring, and that 'cash' is simpler and more appealing." He then deposited his policy directive: "In fact, 'encashment' is one of the taboo words we urge employees not to use in the communications seminars our department conducts. But as you know, portentous words die hard."

There! Even a big bank can kick the big-word habit without going through withdrawal symptoms. "Portentous," by the way, used to mean "portending evil: ominous" and has come to mean "pompous; self-important," possibly because it sounds like "pretentious" mixed with "portly" — but there is poetic justice in that, since pretentiousness can be ominous. Hats off, Citibank: you have rung Mrs. Adams's register.

**13 Die in Clashes in India***The Associated Press*

**NEW DELHI** — Thirteen persons, including three police officials, were killed Saturday in two shoot-outs between police and suspected gang members in the northern state of Uttar Pradesh, the United News of India reported.

Consider some pomposity from another banking institution, the American Express Co. On its 1980 wallet calendar, these words appeared: "How and where to access service." When Paul Wolski of New Hyde Park, N.Y., complained to the Amex people about this corporate harumphing, little did he realize that the company accessed complaints. On the 1981 wallet calendar, "How and where to access service" has been changed to "How to use it." The clarity! The grace! I wouldn't leave home without it.

\* \* \*

**Subheads** — those junior headlines over short pieces, or headlines over subdivisions of a story — are becoming a punster's paradise. Moreover, these two- or three-word phrases are the last refuge of the inside joke: writers who enjoy smearing caviar on crackers for generals have taken to writing for themselves or the cognoscenti, often leaving the ordinary reader behind.

Example: In a recent "Chatter" column in People magazine, an anecdote is taken from a new book on dressing for a successful career, "Working Wardrobe" by Janet Wallach. Rep. Millicent Fenwick, the cigar-chomping Republican from New Jersey, told Mrs. Wallach that she carries a box of spaghetti in her red leather briefcase to prepare for each night's dinner. Does Mrs. Fenwick ever reach for a state paper and come up with a handful of pasta? "No," replied the congresswoman. "The bag is lumpy, so I know which side to go for."

The subhead over this mild thug-slapper was "Lumpen Proletariat." Most readers know that "proletariat" is Communists jargon for lowest class, or working class, but not one in a thousand would know that lumpen is the German word Communists have used to denote the lowest of the low: "dressed in rags." The sophisticated subhead writer was playing on Mrs. Fenwick's lumpy bag and the rags worn by working women — a neat, bilingual pun.

Did anybody get the inside joke, besides lexicographers perusing People for clues to the lingo of Ryan O'Neal and his twisting Fawcett? Probably not, but I like the idea of occasionally slipping an elitist touch into a popular medium. We should read subheads as little mysteries, the way we look at crossword puzzles; there is a thrill to the discovery of an inside joke that makes us glad to be outsiders.

New York Times Service

**Leaving the Box****Keith Jarrett, Straying From Safe Notes**

By Michael Zwerin

**PARIS** — "People present themselves to other people from the point of view of the box they've put themselves into. The box is security. My definition of, shall we say, a creative artist begins when he leaves the box."

Between quick American smiles, Keith Jarrett weighs every word. With his intense concern for verbal accuracy, his cropped curly hair and motorcycle glasses, he resembles a young French intellectual more than an American jazz musician.

Recordings of his solo concerts in Bremen, Lausanne and Cologne created a highly visible and successful Keith Jarrett box in the mid-'70s. They sold in the hundreds of thousands and, bucking the jazz-rock fusion tide almost double-handedly, proved there was still a market for unaccompanied, unprepared, unc�플ified piano.

With his repetitive, trance-like left hand accompanying lyrical, often bluesy, abstractions — as well as his own grunts and groans — it is as though Eric Satie, Bill Evans, Glenn Gould and Cecil Taylor were combined in one body. He has impeccable time, subtle dynamics, his harmonic progressions are tasteful and he is always conscious of form.

Audiences love it when he stands up at the keyboard, swaying like a dancer on finger tips. And his improvisations are sometimes saccharine, extremely tonal and predictable. He has been accused of doing what he does best: it says well. "I don't involve myself with that." He looked into the distance before continuing in measured tones: "If the music you play doesn't make money, if that means it's good, and if the fact that it makes money at a certain point means it's bad, if that rule could be proved, then I would be interested in the subject."

**Part of Ensemble Discipline**

A few days ago, he broke out of his improvising box when he played works from 1929 and 1951 by the American composers Colin McPhee and Lou Harrison with Pierre Boulez's Ensemble InterContemporain at the Theatre de la Ville, before continuing on a solo concert tour of Europe. His explanation was simply: "These works are extremely interesting and they have been extremely neglected."

During the concert he looked pleased to be part of ensemble discipline for a change, not out there inventing by himself, and he seemed genuinely embarrassed when the audience called out his name afterward. But a jazz musician who is ready to risk playing

unfamiliar classical works is a rare animal, one Europeans in particular appreciate.

It is no coincidence that his most successful recordings were made in Europe, and that his record company (ECM) is German. Jarrett has particularly strong appeal for Europeans who miss the quiet romantic tradition, contemporary classical music, and contemporary jazz for that matter, tends to ignore. Stephen Davis wrote in *The New York Times* that Jarrett, "while rooted in America, jazz lore, seems to find greater inspiration while playing in Germany and Scandinavia."

Born in Allentown, Pa., in 1945, he was bopping with Art Blakey's Jazz Messengers by the age of 20, after which he went with Charles Lloyd, the first jazzman to reach the flower-child market, and the first to concentrate in the Soviet Union. He played electronic keyboards with Miles Davis in the early '70s, though he has since come to feel that electronic music is "bad for you."

**Artistic**

He was ready to pounce on the proposition that electronic music, whether we like it or not, reflects our time: "Art should not reflect society. If it is only reflecting it, something is wrong. Art should change society."

"Someone who is not plugged in to jazz cannot be reached by *Chez Baker*, for example. *Chez*'s unique combination of sound, form and time is really a remarkably unified artistic statement. There are not many artists like that left. He is concerned, with being himself rather than being new or different or avant-garde. But I want these seminars to be about more than just music. A lot of people are confused about why their friends all like something and they don't, or the other way around. It will be a chance for people to explore their sensual awareness in general."

One rainy day earlier this year, Jarrett noticed his son Gabe pouring himself glasses of milk and wandering around the house looking extremely bored. He decided to talk to him about it: "Why don't you try accepting your boredom? Don't fight it. Wrap yourself up in it and pretty soon you won't be bored anymore."

He laughed and shook his head. "Then I asked myself: what am I doing talking to a nine-year-old kid like that? But pretty soon I saw he was involved doing something, he wasn't bored anymore."

Keith Jarrett

Christen Rose

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So much for the boredom box.

series of seminars on "the loss of the senses." He has put a down payment on an 18th-century log cabin near his home in southern New Jersey, where he lives with his wife and two children, for this purpose. He explained:

"Someone who is not plugged in to jazz cannot be reached by *Chez Baker*, for example. *Chez*'s unique combination of sound, form and time is really a remarkably unified artistic statement. There are not many artists like that left. He is concerned, with being himself rather than being new or different or avant-garde. But I want these seminars to be about more than just music. A lot of people are confused about why their friends all like something and they don't, or the other way around. It will be a chance for people to explore their sensual awareness in general."

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Keith Jarrett solo piano: Munich, June 2; Nogent-sur-Marne (near Paris), June 4; Brussels, June 8; Lille, June 10; Toulouse, June 12; Barcelona, June 15; Palma de Majorca, June 17; Lisbon, June 24.

**PEOPLE: Nancy Reagan Describes Her Reaction to Shootout**

Nancy Reagan says that after her husband was shot, "all I could think of was 'I have to hold on and not get in anybody's way,' 'cause there was so much confusion. Finally they let me in to see Ronnie, and that was when he died, and that was when he was buried on stage." Miss won an Oscar for best actress in 1932 for her role in "The Madeline Claudet" and another supporting actress in 1947's "Airport."

Vernon E. Jordan Jr. says rights will be placed "in cold storage" as the "government's black book." The civil leader spoke Friday, the first anniversary of an assassination attempt against him, to the National Affairs Council in New York. He said the United States is coming a "meaner, more country." Jordan, president of National Urban League, was in the back in Fort Wayne. The crime has not been solved.

Eveonne Goolagong Cawley, 29, the Australian tennis star, has given birth to a boy, Morgan Kyeme, in Beaufort, S.C. Both mother and child were listed in satisfactory condition. The baby was born Wednesday.

Doris Schary, the American playwright and producer, has been posthumously awarded the Hubert H. Humphrey First Amendment Freedoms Prize by the Anti-Defamation League of B'nai B'rith. The presentation was made by Hubert H. Humphrey Jr. to Schary's widow, Miriam Svet Schary, during a luncheon reception in New York. Speaking at the luncheon was Jacob Timerman, the newspaper editor and publisher who was recently released from an Argentine jail where he allegedly was tortured. Timerman was the 1979 recipient of the award.

Helen Hayes finally got her diploma — an honorary degree from Holy Cross College in Worcester, Mass. "I left school at the age of 9, in 1909, because a call came from New York that they had a part for a little girl on Broadway," the actress told 595 Holy Cross graduates.

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